halfords

HALFORDS GROUP PLC
Annual Report and Accounts
for the period ended 28 March 2025

OMNICHANNEL SOLUTIONS, SEAMLESS EXPERIENCES

halfords

Welcome to our 2025 Annual Report

Halfords is the UK's leading provider of motoring and cycling products and services.

Halfords is transforming into a consumer and B2B services-focused business . . .

. . . with a greater emphasis on motoring generating higher and more sustainable financial returns. This year, services accounted for more than half of the Group's revenue, building on progress made in FY24.

Our unique market position means we can offer customers products and services for all their motoring and cycling needs under the Halfords brand.

OUR INTEGRATED REPORT

This is our eleventh integrated report and is designed to provide a concise overview of how we generate value for all stakeholders. By following an integrated reporting model, we aim to show how our competitive advantage is sustainable in the short, medium, and long term. Whilst this report focuses on value generation for our shareholders, it also demonstrates how we interact with all stakeholders.

Online Annual Report

Read our Annual Report online:
halfords.annualreport2025.com

Corporate Website

Catch up with our latest news and learn more about Halfords on our corporate website: **www.halfordscompany.com**

Latest Results

See the latest investor presentation on our corporate website:
www.halfordscompany.com

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FINANCIAL

FY24 measures include the results of the tyre and wholesale operations which were discontinued in that year on the basis that the business continues to incur costs in relation to the discontinued business which are now outsourced to a third party.

Revenue (like-for-like)

+2.5%

	Revenue
2025	**£1,715.2m**
2024	£1,712.8m
2023	£1,572.7m
2022	£1,382.4m
2021	£1,292.3m

Underlying Profit Before Tax

+6.4%

	Underlying Profit Before Tax
2025	**£38.4m**
2024	£36.1m
2023	£46.8m
2022	£89.8m
2021	£99.5m

OPERATIONAL

Group Net Promoter Score

+2.0 points

	Group Net Promoter Score
2025	**67.5**
2024	65.5
2023	64.8
2022	68.4
2021	62.3

Halfords Motoring Club members

+1.6m

	Members
2025	**5.0m**
2024	3.4m
2023	1.7m

SUSTAINABILITY

Scope 1 and 2 emissions (tonnes) (% vs FY20 baseline)

-32%

	Emissions (tonnes)
2025	**33,932**
2024	26,941
2023	27,268
2022	35,357
2020 (baseline year)	50,180

OUR YEAR IN REVIEW

Strategic

We continued to make good progress in delivering the strategic priorities outlined in FY23 while adapting to changing market dynamics.

Against a challenging consumer backdrop, we have focused on controlling the controllables, including rolling out our high-returning Fusion Motoring Services model to 50 locations, with plans for c.150 locations in total.

50

new Fusion locations

Read more on page 22

Operational

The Halfords Motoring Club continued to resonate with our customers, reaching over five million members in the year.

Like Fusion, our club is a critical differentiator in the market, bringing our retail and autocentres businesses closer together. Almost half of all MOTs in our garages now come from club members. As well as lowering our cost to acquire customers in our garages, the club gives us access to rich customer and vehicle data which in the longer term will enable an ever more personalised proposition.

5m

Halfords Motoring Club members

Read more on page 07

Sustainability

The development of our new ESG strategy focusing on Planet, Proposition and People has brought all aspects of our business together to create a series of goals and strategic objectives designed to drive meaningful progress towards a more sustainable future.

Our Scope 1 and 2 emissions have increased this year but remain 32% lower than our FY20 baseline. We have changed our decarbonisation approach through our strategy to bring absolute reductions to our emissions that have attractive payback and/or commercial drivers. More information is available on page 42.

Read more on page 42

OUR PURPOSE-LED FRAMEWORK

The successful implementation of our strategy is critical to the delivery of the Group's purpose and is underpinned by the values and behaviours that shape our culture and the way that we conduct our business.

Read more on page 84

OUR PURPOSE

To Inspire and Support a Lifetime of motoring and cycling

OUR VISION

The super-specialist in motoring and cycling, trusted by the nation

OUR MISSION

To make motoring easier, safer and more enjoyable for everyone and to get people cycling more frequently

OUR CULTURE

A team inspired and motivated to drive towards delivering our Mission, Vision and Purpose who live and breathe our brand values and represent the very best of what we offer as a business to our customers.

Read more on page 84

OUR VALUES

- one Halfords family
- wow our customers
- be better everyday
- pride in expertise

OUR APPROACH TO ESG

Focused on the areas where Halfords can make a real difference and lead the industry to a better, more sustainable future.

Read more on page 40

INVESTMENT CASE

As the leading provider of motoring and cycling products and services in the UK, Halfords offers customers an unmatched level of service, expertise and convenience through its national network of retail stores, autocentres and mobile vans.

1 Market leadership

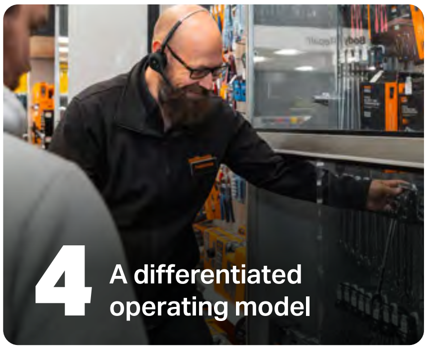
Halfords is the leading provider of motoring and cycling products and services in the UK, with unmatched geographical coverage and an established online presence. There are many opportunities in the markets where we operate, some of which are at post-pandemic lows (Cycling, Tyres) and others where we have the benefit of scale in a fragmented industry (Motoring Services, Motoring Product, Commercial Fleet Services).

2 A trusted brand

Halfords is the only super-specialist motoring and cycling business of its kind, with a brand built over 125 years on service, quality, and expertise. Long-lasting heritage, reputation, and accessibility make Halfords the first choice for products and support. We are trusted by millions of customers – not only for our breadth of services but also for our ability to deliver consistently across retail stores, garages, and mobile vans.

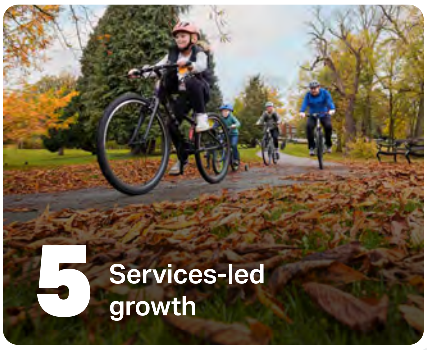
3 Access to rich data

With contact details for owners of around a third of vehicles in the UK's ageing car parc, Halfords has a solid foundation from which to develop into a truly data-driven, digitally enabled business. Halfords Motoring Club has reached more than five million members and includes a growing population of subscription-paying Premium members, creating an opportunity to further engage and inspire our customers, enhancing lifetime value.



4 A differentiated operating model

Our combination of retail stores, autocentres and mobile vans, serving customers and businesses both online and in person, sets us apart. In Motoring, we have an unmatched physical network, with four times more service events in retail than in garages, and offer ultimate convenience through our mobile vans. Our Fusion programme is unlocking this model's power, bringing the elements of the Halfords ecosystem closer together.



5 Services-led growth

Over the last decade, Halfords has transformed from a traditional retailer of motoring and cycling products into a services-led super-specialist and one of the largest independent garage businesses in the UK. More than half of Group sales are now service-related, with almost a third derived from B2B contracts. This strategic shift has resulted in a more resilient business less exposed to discretionary spend.

6 Financial resilience

Halfords benefits from a strong balance sheet, providing resilience in the face of external headwinds and the ability to invest where we see the ability to generate strong financial returns. The business is consistently cash generative and we have a clearly stated capital allocation policy, including a dividend policy that links payments to sustainable growth and profit generation.

OUR GROUP AT A GLANCE

We are the UK's number one Motoring Services business, offering our customers a differentiated combination of products and services through our nationwide network of stores, garages, mobile vans and integrated web platform.

We are also the nation's largest specialist cycling retailer and a trusted source of expertise in bicycle servicing. Across products and services, retail and garages, motoring and cycling – we are also a major provider of B2B services, including through our Commercial Fleet Services business, Cycle2Work offer, and Software-as-a-Service platform, Avayler.

Retail
373 Halfords Retail and two Performance Cycling stores offering a wide range of motoring and cycling products and on-demand services. In fact, more than 80% of the Group's service events take place in our retail stores.

Garages
542 consumer garages and 90 commercial depots offering MOTs, tyres, maintenance and repair services. We hold current owner contact details for c.12m vehicles, representing 32% of the UK car parc.

Contact Centre
Offering expert advice, knowledge and help via chat and voice functionality.

Click and Collect
Offering customers market-leading levels of collection convenience via our nationwide footprint of stores.

Integrated Web Platform
A single, user-friendly website bringing Halfords products and services together in one place.

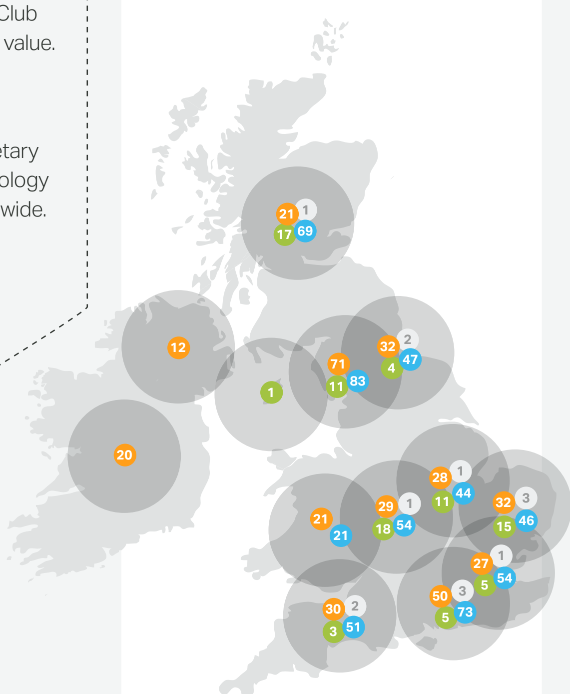
Mobile Vans
c. 280 mobile service vans and c. 500 Commercial Fleet Services vans, bringing services direct to our customers at a location to suit them.

Halfords Motoring Club
Bringing together our retail and garage offerings, driving customer loyalty and engagement, and generating incremental sales and profit, our unique Motoring Club supports enhanced lifetime value.

Avayler
Our Software-as-a-Service business, selling our proprietary garage management technology to garage businesses worldwide.

With over 12,000 colleagues working in more than 1,750 service locations we provide our c. 20m customers with an average drivetime of less than 20 minutes.

Our super-specialist offer is unique in the market, enabled by our physical infrastructure, technology and data.



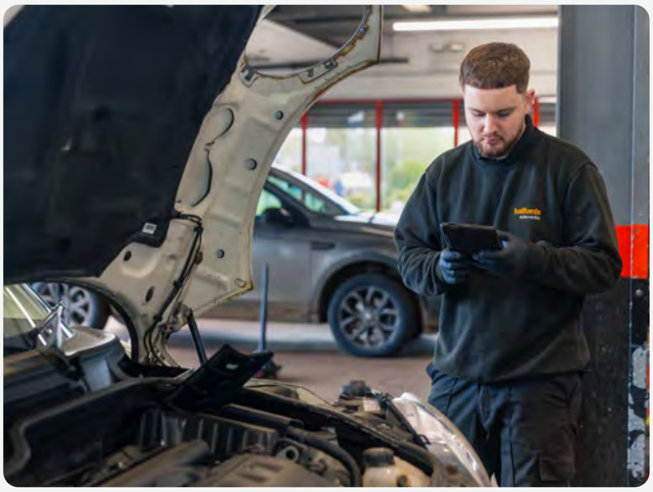
- Retail stores **373**
- Autocentres **542**
- Mobile hubs **14**
- Commercial depots **90**

Our business today

From a traditional motoring and cycling retailer a decade ago, we have evolved into a consumer and B2B services-focused business with a greater emphasis on motoring.

2019 Revenue → 2025 Revenue

£1.1bn **£1.7bn**



MOTORING

2019 Revenue

66%

2025 Revenue

79%

Our journey

Motoring has become the central focus of our business, reflecting a strategic shift towards needs-based, high frequency categories and now making up close to 80% of Group revenues. We have strengthened our offer in car parts, diagnostics, tyres and servicing – enabled by our multichannel infrastructure and trusted colleague expertise.

Our ambition:

Our goal is to become the definitive destination for all motoring needs. By creating a seamless journey across online, garage, mobile and in-store touchpoints, we are building a joined-up ecosystem that supports drivers through every stage of vehicle ownership.

SERVICE RELATED SALES

2019 Revenue

24%

2025 Revenue

52%

Our journey

In recent years the business has made a strategic pivot into higher margin, more resilient service-based activities which now contribute more than half of Group revenue. This growth has been enabled by a unique operating model combining garages, mobile vans, and dedicated service areas in retail store car parks, delivering expert support across a wide range of customer needs. The service and advice elements of our retail offering are critical differentiators compared to online pureplay motoring and cycling businesses and are a key aspect of our role as a super-specialist in the market. Our Motoring Club, investment in technician training, and market-leading customer insight have all supported this transformation.

Our ambition

We are now scaling this integrated approach further through our Fusion programme – bringing together retail stores, garages and mobile vans in unified local ecosystems. Our ambition is to offer the most convenient, comprehensive, and trusted motoring services in the UK.

B2B

2019 Revenue

12%

2025 Revenue

29%

Our journey

Our B2B business has grown both organically and through acquisition across Commercial Fleet Services, Cycle2Work, and white-label servicing partnerships, with B2B contributing almost a third of Group revenue. This has been supported by our national coverage, robust infrastructure, and ability to deliver high quality service at scale. B2B revenue is now a core and resilient part of the Group model.

Our ambition

We are well-positioned to expand our B2B presence further by deepening integration with major partners and targeting growth in areas like fleet servicing, maintenace and repair as well as employer benefit schemes. Our ambition is to build a scalable, recurring revenue platform delivering consistent value to clients and to the Group.

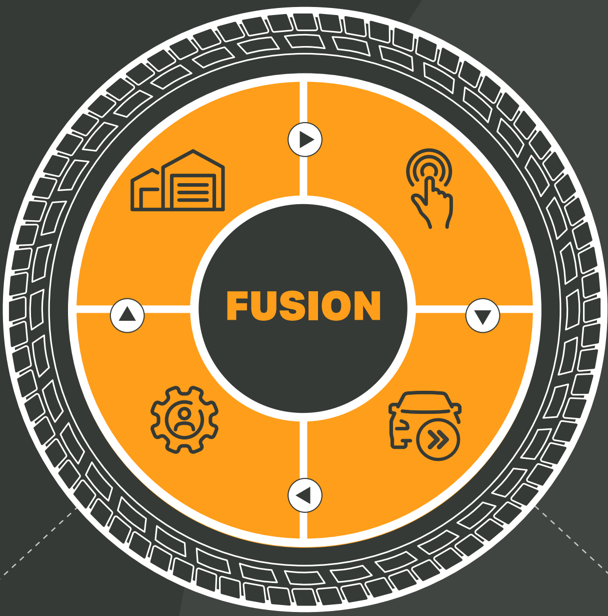
OUR UNIQUE COMBINATION OF RETAIL STORES, GARAGES AND MOBILE VANS HAS ENABLED US TO ACQUIRE NEW CUSTOMERS . . .

Fusion: unlocking the full power of the Halfords ecosystem

- Seamlessly connects Retail, Garages and Mobile operations at a local level, delivering a truly integrated customer experience and leveraging the full power of the Halfords brand.
- Transforms the customer journey by combining physical assets, digital technology, and service expertise – making specialist motoring support more convenient and accessible than ever.
- Unlocks higher-margin Service, Maintenance and Repair "SMR" opportunities – especially in legacy tyre-focused sites – through enhanced garage leadership, same-day bookings, and increased capacity.
- Strengthens customer relationships by enabling seamless referrals between Retail and Autocentres, supported by Motoring Club membership and rich data insights. Fusion sites play a vital role in fostering cross-shop behaviour, driving personalisation, retention, and lifetime value.
- Accelerated rollout delivered 50 Fusion sites to date, with performance significantly exceeding expectations: Fusion locations achieve on average double site-level profitability.
- Delivers rapid return on investment targeting payback in c.2 years, underlining the strength and scalability of the model.
- Provides a scalable platform for future growth: ongoing rollout in FY26 and FY27 will consolidate consumer garages under a single Halfords Garage Services brand, building a national SMR led network differentiated by convenience, expertise, and breadth of service.

Fusion ecosystem

Fusion seamlessly integrates Halfords' unique combination of assets, driving returns greater than the sum of their parts



Retail

Our 373 retail stores and single group website generate millions of service interactions annually

Group data

Access to contact details for owners of around a third of vehicles in the UK's ageing car parc, with a unique ability to utilise data to convert and retain customers within the Halfords ecosystem

B2B

Our B2B partnerships with fleet operators provide a stable, recurring revenue stream.

Garages and Mobile

With 542 garages and 280 vans we have scale to deliver Motoring Services nationally.

Avayler technology

Dedicated market-leading motoring service technology platform

…THAT STAY WITH US THROUGHOUT THEIR LIFETIME

Halfords Motoring Club is a membership programme which aims to help customers save money and take the hassle out of maintaining their vehicles.

Halfords Motoring Club significantly enhances our unique market position to effortlessly support the majority of a customer's automotive needs across retail stores, garages, and mobile fitting services.

Since inception in 2022, Halfords Motoring Club has resonated strongly with our customers, growing to over 5m members in just 3 years. Club members shop twice as often and are more likely to experience both our retail and garages offer, with a higher Net Promoter Score ("NPS") than non-members.

Our free membership provides an important route towards higher value Premium memberships, with more than half of Premium members initially taking out a free subscriptions before upgrading.

Premium membership is our paid for model, offering customers a free MOT alongside other benefits. Motoring Club members are now responsible for more than 50% of the MOTs taking place in our garages.

Premium members spend more than three times the amount of a non-member annually and drive c.£18m of annual subscription revenue.

Halfords Motoring Club offers unparalleled levels of customer and automotive insight, helping to predict customers needs and keep them safe. With convenience at the heart of automotive ownership, our club proposition will support our long-term goal of simplifying car ownership.

5 million
members

370k
Premium members

£18m
annual subscription revenue

Premium member average spend
3x
that of a non-member

51%
of MOTs booked by Halfords Motoring Club members

Premium retention rate
c.70%

STRATEGIC REPORT

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halfords
autocentre

CHAIR'S STATEMENT

> We remain focused in the short term on optimising our valuable and differentiated asset base to deliver returns regardless of the external environment.

KEITH WILLIAMS
Chair

FY25 performance

With challenges in our end markets and several years of inflationary headwinds, our focus in FY25 was on controlling the controllables: focusing on our customers, driving efficiency in our operations, and improving the underlying profitability of the business. The numbers reported for FY25 represent an excellent result in difficult conditions, delivering growth on our bottom line despite £33m of inflationary headwinds. I am particularly pleased with the progress we have made on strategic initiatives including rolling out our Fusion motoring services offer, with a more noticeable impact on profitability over time as we convert additional locations.

The Halfords of today is vastly different to the business I joined seven years ago, not just in scale but nature: almost 80% of revenue is now from Motoring products and services, 52% is generated from services and almost a third is from B2B. There is no question that this strategy has succeeded in making the business more resilient; however, I am confident that there remain many opportunities to generate value from our widely recognised brand, unique retail and garages footprint, leading omnichannel proposition and access to extensive customer and vehicle data.

Leadership

I was pleased to welcome Henry Birch to the Group as CEO in April 2025, and I along with the Board have every confidence that he is the right person to unlock these opportunities for sustainably profitable growth. Henry already understands the business well and I look forward to hearing his vision for the future later in the year. For now, he is focused on delivering the Group's plans for FY26 and optimising the unique assets in the Halfords business.

I would also like to thank Graham Stapleton for his contribution during his seven years at the helm, in particular for driving forward the services-led strategy which has re-positioned the business to where it is today.

Colleagues

None of this would be possible without the hard work, skill and dedication of our colleagues. We are proud to employ over 12,000 people across the UK – in our stores, garages, mobile vans, logistics facilities and support centre – and I want to thank each of them for their contribution in what has been another demanding year.

We are particularly mindful of the increasingly difficult conditions faced by our colleagues on the front line. Incidents of violence and abuse in stores have risen significantly, and we are doing everything we can to keep our teams safe.

We have implemented additional safety measures, including the introduction of body-worn cameras, and we will continue to invest in colleague wellbeing and protection in the years ahead.

On behalf of the Board, I would also like to extend our heartfelt sympathies to the families, friends and teammates of two colleagues who, tragically, lost their lives at work this year.

Dividend

The Group has a clearly defined dividend policy which targets dividend cover in the range of 1.5x to 2.5x by Underlying Profit After Tax. In light of this year's robust performance, the Board proposes a final dividend of 5.8 pence per share, bringing the full year dividend to 8.8 pence per share.

Outlook

Looking ahead, we remain focused in the short term on optimising our valuable and differentiated asset base to deliver returns regardless of the external environment.

The economic outlook remains far from rosy: whilst there may be green shoots from falling interest rates, global geopolitical uncertainty may mean that UK consumers continue to prioritise saving over discretionary purchases. At the same time, the business faces yet another year of significant labour cost increases as a result of changes to the minimum wage and National Insurance regime.

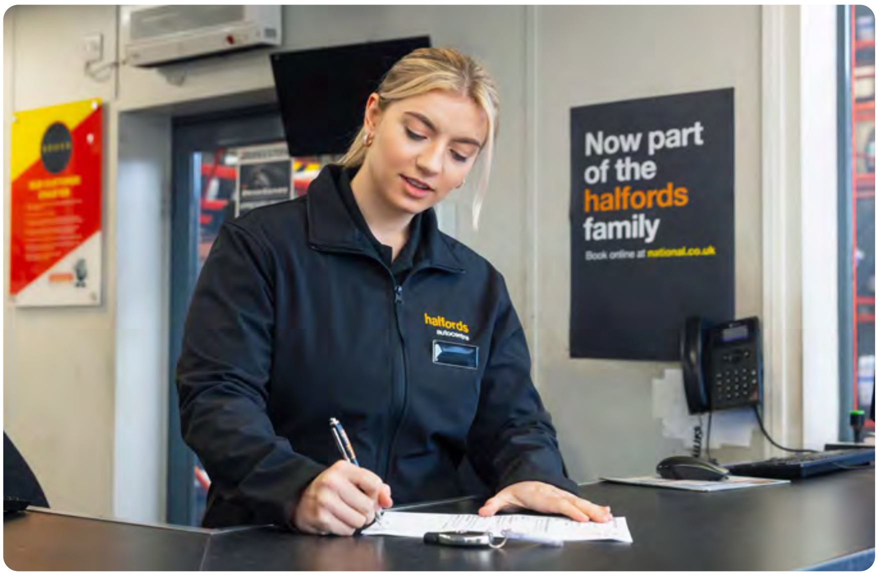
However, we have identified levers at our disposal which we believe will mitigate this increased cost. We will continue to invest in our most promising initiatives, including Fusion and Halfords Motoring Club, whilst ensuring we have the right systems in place to leverage maximum value from our data and operations. We have a clear strategy, a talented team, and following the excellent progress made in FY25, an even stronger financial position. While there is further to go, I am confident that Halfords is on the right path and will ultimately be successful in creating long-term value for all our stakeholders.

Keith Williams
Chair

25 June 2025

Colleagues
c.12,500

Total Dividend Per Share
8.8p



CHIEF EXECUTIVE OFFICER'S STATEMENT

> As the leading provider of motoring and cycling products and services in the UK, Halfords offers customers an unmatched level of service, expertise and convenience.

HENRY BIRCH
Chief Executive Officer

Group Revenue

£1,715.2m

Underlying Profit Before Tax

£38.4m

I would like to begin by thanking every single Halfords colleague for their truly exceptional efforts in delivering the FY25 results that we are announcing today. These results represent a fantastic outcome against a challenging backdrop, which included a 10% increase in the National Living Wage, low consumer confidence driving elevated savings rates and weak discretionary spending, and ongoing geopolitical uncertainty. Despite this backdrop, we delivered like-for-like sales growth of 2.5%, a 250bps increase in our gross margin and a further £35m of cost savings. Combined, these results have enabled underlying profit before tax to increase by 6.4% to £38.4m, even after the reinstatement of performance-based colleague incentives, reflecting the strong progress made during the year. We have converted 28 garages to our Fusion format since our interim results announcement, taking the total number of Fusion garages trading to 50, and acquired our 5 millionth Halfords Motoring Club member. And we have invested significantly in leadership capability, positioning us for further success in the years ahead.

Halfords' differentiated ecosystem

In my first set of results as chief executive of Halfords, I wanted to outline what attracted me to this fantastic business. As the leading provider of motoring and cycling products and services in the UK, Halfords offers customers an unmatched level of service, expertise and convenience through its national network of retail stores, autocentres and mobile vans. It is this combination of assets which makes the business truly differentiated as a motoring services provider, with the benefits clear to see in the first wave of Fusion towns delivered over the last 12 months. Halfords' trusted brand, developed over more than a century, is instantly recognisable to millions of customers who in turn provide us with data on nearly half the UK car parc. This combination of category leadership, a strong and trusted brand underpinned by a responsible approach to doing business, a scaled physical and digital operating infrastructure, 12,000 committed colleagues and unrivalled data is what makes us both unique and, I believe, capable of significant growth and value creation.

I have spent my first 10 weeks getting under the skin of the Halfords business: spending time in our stores, garages and distribution centres to experience our operations in action, conducting deep dives into each business unit, and understanding what makes Halfords really tick. I have been made to feel very welcome by every single colleague I have met to date, and it's clear that our people are at the heart of what makes Halfords so unique – through their passion, expertise, and commitment to serving our customers to the highest possible standard, every single day. This gives me a great deal of optimism as I look to the future of Halfords as a truly data-driven, digitally enabled business with the needs of customers at our core.

The strategy, put in place by my predecessor Graham Stapleton, remains the right one, and I would like to pay tribute to him for the critical role he played in taking Halfords from a traditional, store-based retailer to a business deriving more than half of its revenue from services, with an emphasis on less-discretionary B2B and motoring categories. My priority is to optimise the Halfords business by leveraging its unique strengths to drive profitable growth and enhance returns for shareholders, while continuing to create value for all stakeholders which includes our strong commitment to our ESG agenda. While there is more to do to realise these benefits to their fullest potential, I can already see significant opportunities in the business and would like to thank all our colleagues for their ongoing support through this journey.

Optimising garage services

The results of the investments we are making in both strategic initiatives and operational excellence are becoming apparent in the profitability of our Autocentres business. The Autocentres segment delivered a 21.2% increase in earnings before interest and tax compared to last year[1] as the Fusion roll out has accelerated and learnings from the programme have informed our approach to talent acquisition and colleague development more broadly across our garage estate. We have continued to profitably grow our presence in the highly fragmented and strategically important Service, Maintenance and Repair ("SMR") market, where increasing labour costs have been reflected in industry-wide price increases. The Fusion Motoring Services programme is more than a physical refit of our garages and retail car parks – it is a people-led transformation, with changes to the culture and operating model in our garages. Garage leadership is therefore critical in driving the excellent returns we have seen in the 50 sites delivered to date, with garage-level contribution on track to double on average at maturity, delivering an average payback period of just two years. We continue to see scope for c.150 Fusion garages in total. We have budgeted for at least 60 Fusion conversions in FY26 taking the total number trading by the end of the year to more than 100, with the remainder to follow in FY27.

Integral to the Fusion programme are more rigorous recruitment and induction processes for centre managers which are now being introduced across our wider garage business. In locations where leaders have been brought into the business using these processes, we have seen an increased emphasis on customer experience, high quality standards and better identification of additional services required to improve vehicle safety and performance, resulting in improved profitability and reduced colleague turnover. This cultural shift is driving mix into higher margin SMR work, and when combined with increased servicing capacity and referrals from store through the Fusion programme, results in the significant uplifts in site-level profitability that we have reported to date.

Having reflected the increased labour costs introduced by last year's Autumn Budget in our forecasts, we have identified a number of sites which are sub-scale from a profitability perspective and as such cannot be reconfigured to offer the level of customer experience to which we aspire. These sites are also often located close to another Halfords garage earmarked for Fusion, i.e. with scope to increase capacity and to offer an improved customer and colleague experience, and as such we have taken the decision to exit them. The majority of impacted colleagues will be redeployed to nearby Halfords garages and the planned closures will be immediately earnings accretive.

Further steps to optimise our garage estate are central to our plan for FY26 under the leadership of Adam Pay, who takes over as Managing Director of Garages next month, joining Halfords from MyCar, Australia's largest garage group.

Our B2B business continues to provide important diversification and exposure to less discretionary end-markets. The Fusion programme is increasing our ability to maintain national fleets by adding specialist ramps and extra equipment for servicing light commercial vehicles and electric vehicles in our consumer garages, and our Commercial Fleet Services ("CFS") business has continued to grow its client list having secured new contracts with major national businesses including Seras, Greenergy and Milk & More.

The activities which take place in our CFS business are considerably higher in risk than those in our retail stores or consumer garages as much of the activity is at the roadside or relates to HGVs. Very sadly, two of our colleagues working in the CFS business lost their lives this year, and I would like to offer my sincerest condolences to their loved ones. We work hard to ensure that we implement effective Health and Safety policies and procedures at all times and across all areas of our business and we also strive to continuously develop and improve these so that we ensure the safety of our colleagues. We continue to invest in Health and Safety and embed our culture of safety across the whole business.

Avayler, our proprietary garage management software product, continues to make progress with its flagship US contract with Bridgestone reaching a key milestone in H1. That contract has progressed beyond testing into pilot phase and is now live in Bridgestone's first new-format site in Charlotte, North Carolina. As expected, it remains loss-making (FY25 loss of £2.6m on revenue of £2.7m; FY24 loss of £1.3m on revenue of £2.3m). One of Avayler's key North American clients, ATD, entered a Chapter 11 process in FY25 and as such we do not expect to generate further revenues from that contract in FY26. We will continue to focus our efforts on successful delivery of our major contracts with garage services businesses worldwide.

Leveraging the retail business

Retail is where the vast majority of customers first interact with our brand and remains responsible for more than half of Group sales. As such we are delighted to see our store sales returning to growth while recovering gross margin after a challenging few years for the sector. Our retail offer emphasises specialism, advice and service add-ons, providing a clear point of difference and corresponding pricing opportunity vs. competitors in this space which are predominantly generalist retailers or online pureplays.

Our motoring services proposition does not reside purely in our garages; in fact, we conduct around 80% of vehicle service events in the car parks of our retail store estate. Our ability to provide on demand services in-store, including fitting the '3Bs' (bulbs, batteries and blades), repairing windscreens and conducting basic vehicle checks to identify opportunities for referral to the local garage, is a critical differentiator in the Halfords model. In fact, more than a third of the 3Bs products purchased in the year were fitted by our in-store specialists, with the proportion of revenue derived from store-based services increasing in both motoring and cycling. At the same time, vehicle checks conducted in our retail store car parks allow us to identify additional work which can be booked directly into our local garage, allowing us to reach customers before our competitors and reduce reliance on paid media, with a corresponding saving in marketing spend compared to others in the market.

1 Underlying Autocentres EBIT ex-Avayler, which was separated to operate as a standalone business distinct from the Halfords Group in FY24.

2 As noted in our interim results, some significant changes to the competitor sets participating in market data panels have occurred, reducing their usefulness as a measure of changes to market share. As such, we will no longer regularly report detailed market share data although we will continue to give directional commentary where appropriate.

CHIEF EXECUTIVE OFFICER'S STATEMENT

It is our integrated motoring services offer, which also includes our mobile van proposition, which truly differentiates Halfords by providing customers with the ultimate convenience. Fusion seeks to amplify this critical point of difference versus our competitors, none of whom can offer customers our unique blend of product, service and expertise through a national network of physical infrastructure in addition to an effective online presence.

The majority of signups to our 5m-strong Motoring Club, which offers discounted or free MOTs depending on membership tier, take place either in our retail stores or online. Club membership is associated with positive customer behaviours (frequency, average spend, cross-shop) and ultimately higher lifetime value, also providing meaningful benefits for our Autocentres by creating a low-cost acquisition route for high margin SMR work.

Premium membership offers customers enhanced benefits in return for an annual fee and currently generates c.£18m of recurring annual subscription revenue while driving even more valuable behaviours, with customers spending around 3x as much as non-members on average. Around half of Premium members start life with a free membership that they subsequently upgrade, further demonstrating the value of the Club proposition to customers. With further investment into our platform and data capability, I am excited by the potential that exists in Halfords Motoring Club and the future value it could unlock.

Within our retail markets, in motoring we have continued to invest in our market leading own-brand ranges, notably in car cleaning where we have further expanded our 'Halfords Advanced' range, offering customers exceptional value for money for a high quality product. We have supplemented this with additional breadth in branded premium cleaning ranges from Autoglym and Chemical Guys. Dash cams are a great example of a product category where the customer benefits from our specialist knowledge and service capability alongside an extensive product range, performing strongly in the year with over half of the units sold also being fitted in store.

In the cycling market, assisted by warm spring weather, we have seen positive signs of recovery in recent months. The cycling market has faced numerous challenges in recent years. Products are manufactured on long lead times and the industry found itself with significant excess inventory when the pandemic boom gave way to a cost-of-living crisis and associated collapse in demand that has persisted for some time. Halfords' inventory has been well-managed throughout; however, the industry has been highly promotional through a period of consolidation. While our cycling business has undoubtedly been impacted by these factors, our scale in the market and focus on exclusive brands has enabled us to be more disciplined in our promotional activity while increasing our market share in the post-pandemic period[1].

We have also continued to invest in new product development, stretching our Boardman brand into more premium product ranges where demand has been more resilient, growing our Cycle2Work business, and all-the-while maintaining our strong position in the adult leisure segment, as well as in kids' bikes where our sales are around two-thirds of the market in volume terms. With our market leading position, championing active travel is an important aspect of our ESG strategy. In FY25 we partnered with sustainable transport organisation, Sustrans, to conduct research into the barriers to active travel for children and their families and are using the findings to influence the UK Government's Cycling and Walking Investment Strategy which is currently being updated. Cycling remains a core part of our portfolio, and we are optimistic about our prospects in a market with some very clear recovery drivers over the mid- to long-term.

I continue to believe there is scope to generate significantly improved profit from our retail business as revenue growth returns, particularly online but also by improving our store experience for customers. I am delighted to be welcoming Jess Frame as our Managing Director of Retail in the coming months. Jess brings 20 years of senior leadership experience in Retail and Consumer, including most recently as Managing Partner of Boston Consulting Group's London office. I look forward to working with her and am very confident in her ability to take our retail business to the next level.

Driving cost and efficiency

The challenging market conditions we have faced in recent years have required significant cost savings to be made in the business, with c.£70m of savings delivered in the three years to FY24. While our success in the past makes incremental savings more challenging to find, the team delivered another £35m of efficiencies in FY25 to broadly offset the £33m of inflation running through the business in the year. The key initiatives behind this result are largely as described in our interim results and we are delighted to see these programmes going from strength to strength. As a reminder:

- Our Better Buying programme, now in its second year, contributed £21m of incremental gross profit as we leveraged stronger partnerships with a smaller number of key suppliers.
- The restructuring of our tyre supply chain announced at the start of the year, with wholesale tyre operations outsourced to Bond International, resulting in more than £4.4m of cost saved alongside improved same- and next-day availability across our garage network.
- Disciplined working capital management resulted in a higher average cash balance through the period and correspondingly lower interest charge, down £2.2m year-on-year. We consequently ended the period with net cash of £10.1m (excluding IFRS16 lease debt), an improvement of £18.2m in our closing position.

Current trading

The positive trading momentum in some categories in the final quarter of FY25 continued into the new financial year, helped by warm spring weather and a late Easter. However, trends have varied across our markets – for example, the Cycling market has performed very strongly but the Tyres market has exhibited further declines.

Outlook[3]

As I look ahead to FY26, I am cautiously optimistic: optimistic because of the unique position Halfords has in the market, the differentiated nature of our eco-system, and the commitment of our colleagues to realising the business's full potential; but cautious because of continued macroeconomic uncertainty and its impact on the way our customers feel about spending their money. While inflation appears to be moderating and interest rates are falling, the negative outlook for employment and the impact of geopolitical instability continues to weigh on confidence and is keeping the savings ratio high despite rising real incomes. However, the year has started as expected and with levers including pricing strategy and further buying synergies we expect to be able to mitigate the substantial cost headwinds that we face in the year ahead.

We have also experienced challenges during the deployment of a new third-party warehouse management system into our

[3] Outlook commentary is based on a comparable 52-week year; FY26 will include a 53rd week of trading.

second distribution centre ("DC") in Coventry following its successful implementation in our Washford DC earlier in the year. While the issues have been well-managed with only limited disruption to stock availability in our stores, our contingency plans have resulted in non-recurring additional costs to the business. We continue to work with the system provider to optimise performance and return the site to full productivity, which we expect to achieve before the end of H1.

Our plans in FY26 focus on maximising the returns from our existing asset base while investing in our platform to unlock the value of our unique combination of assets. Our investment programme will prioritise:

- Continuation of priority initiatives from FY25, including further roll out of Fusion to more than 100 locations in total and improvements to our Motoring Club;
- Investment to improve customer experience, including in our contact centre and digital channels; and,
- Preparatory work to support implementation of a new ERP system in the business.

As a result of the factors described above, including the additional costs incurred in H1 in relation to the new warehouse management system, FY26 profit before tax is expected to be weighted to H2.

FY26 capex is expected to be in the region of £60m to £70m, including the cost of the continued Fusion roll out. This increase in capital expenditure, together with payment of the FY25 colleague bonus, results in a forecast reduction in free cash flow year on year with FY26 net debt to EBITDA expected to fall comfortably within the target range of 0.0x to 0.8x excluding leases.

In the coming months, I intend to spend more time identifying priority areas for optimisation in the business where I can see the most significant opportunities to unlock future value. My early impressions suggest that technology and data are strong candidates here, but I plan to update the market with a more comprehensive assessment when we release our interim results later in the year.

Henry Birch
Chief Executive Officer

25 June 2025

PEOPLE OF HALFORDS

Q: How long have you worked at Halfords?

I've worked at Halfords for 14 years.

Q: How has Halfords supported you in your career?

During my tenure at Halfords, they have shown continuous support in both my work and my personal life. I started working for Halfords when I was 20 years old, not fully knowing what I wanted to follow as a career, but it was soon clear that I wanted to stay with this company due to the positive culture demonstrated each and every day. The support they have provided to develop myself within different roles has been truly fantastic, whether this has come from my immediate Line Managers or members of the Leadership Team. They have continuously encouraged development based on personal growth within my roles whilst also showing genuine concern for wellbeing.

ADAM PLATT
Retail Store Manager

Q: What is your favourite thing about working at Halfords?

I think personally for me is the fact that you're not limited to what you can do. There is a great career progression and career for life. Once qualified I have so many options for progression. There is ongoing training available to gain more knowledge. There is MOT, progression to T3, even front of house and management. I want to know all aspects of the business so I can support the team, and I get that opportunity at Halfords.

Q: What skills have you acquired since joining the business?

I have furthered my communication skills massively. I have learnt how to overcome obstacles. For example, I struggled with my own strength but using the right tools or a new approach helped me complete the job. I learnt there is more than one way to do a job. The skills at college are limited and I feel I get to build my mechanical knowledge more at Halfords. I have also grown my confidence going into a job.

JESS MCCANN
Garage Apprentice (Level 3 Apprentice Year 1)

Q: What did you do before working at Halfords?

I was a Delivery driver before joining Halfords a year ago.

Q: What aspects of your role do you enjoy the most?

I'm currently at college doing Automotive Technician Level 3 in repairs as well as doing the mobile role. What I like most in my role is the freedom of the role and getting to see different cars and customers each day – especially great in the sunshine!

LUKE QUINN
Halfords Mobile Expert Technician

OUR MARKETPLACE

MOTORING SERVICES

The provision of vehicle maintenance and repair services, including for fleet customers, via our stores, consumer garages or mobile vans.

Market drivers:

- Ageing UK car parc requiring more maintenance and repair services
- Ongoing recovery in miles driven
- Fleet customers driving growth in Electric Vehicle "EV" servicing activity
- Preference for "do it for me" amongst core customer segments, with a strong emphasis on convenience

Market opportunities:

- Highly fragmented market dominated by independents and dealerships
- Industry with historical customer service challenges and low levels of trust
- Vehicles increasingly owned by businesses rather than individuals
- Leadership in non-dealer EV servicing
- Fleet operator preference for contracting with a single national service provider

Our response:

- Further investment in Fusion garages under a single Halfords brand, with welcoming customer areas, dedicated front-of-house colleagues, and investment in servicing equipment
- Ongoing investment in our Motoring Club that introduces and showcases our garage business to our retail customers
- Fitting services in retail stores alongside in-town demand creation through the addition of an Automotive Services Manager in selected store car parks
- Investment in training/apprenticeships and equipment to ensure we have capacity to meet demand for aftermarket EV servicing
- A market-leading online platform that gives customers greater convenience to book and manage their bookings and investment in Service photography to re-assure customers on work required and undertaken
- National footprint enabling nationwide coverage for fleet servicing contracts
- Halfords Mobile Expert enables services such as battery replacement and diagnostic checks direct to the customer at their home or workplace
- Market-leading finance options to give greater choice of how to pay for services and repairs

CONSUMER TYRES

The sale and fitting of vehicle tyres in our consumer garages or via mobile vans.

Market drivers:

- Ongoing recovery in miles driven
- Legal requirements regarding tread depths
- Low levels of enforcement activity by police
- Quicker degradation of EV tyres due to increased vehicle weight
- Reduced consumer spending driving a shift into budget tyres

Market opportunities:

- Market recovery following multiple years of depressed demand
- Greater consumer awareness on tyre safety (with an estimated one-third of consumers driving on illegal tyres)
- Marketing investment by premium tyre brands in response to a shift into budget brands
- Consumer emphasis on convenience

Our response:

- Ranging to ensure Halfords operates successfully across budget, mid and premium tyre categories, including via exclusive ranges
- Restructured tyre supply chain enabling same day delivery into garage to better service the distressed market
- Convenient proposition with online booking for local autocentres and mobile vans
- Collaborative campaigns and partnerships including working with TyreSafe to drive tyre safety awareness and educate drivers on how to check and maintain their tyres
- Market-leading finance options to give greater choice of how to pay for tyres

RETAIL MOTORING

The sale of motoring products in retail stores and online.

Market drivers:

- Changing car parc, including growth in electric vehicles
- Product innovation
- Increasing digital-first purchasing behaviour
- Shift toward online research before in-store visits
- Expansion of direct-to-consumer models from manufacturers

Market opportunities:

- Vehicle data and personalisation
- Growth of EV with associated products
- "Do it for me" with an emphasis on convenience
- Cross-channel customer data capture for personalised marketing
- Leveraging physical stores as mini-fulfilment centres for faster delivery

Our response:

- In-store fitting services
- Halfords Motoring Club
- Extended range online
- Click and collect in-store
- Unified customer profiles across channels to personalise experiences
- QR codes in-store linking to extended product information online
- Store colleagues equipped with tablets to access full online range

CYCLING

The sale of leisure and performance cycles and cycling accessories, including via the Cycle2Work scheme, and the provision of cycling services.

Market drivers:

- Government policy and investment in cycling infrastructure
- Subsidy schemes such as Cycle2Work, enabling bike purchase via salary sacrifice
- Increasing popularity of e-bikes
- Consumer concern around both climate change and obesity giving rise to increased popularity of active travel

Market opportunities:

- Increased uptake of Cycle2Work
- Growth in the 'enthusiast' cycling segment
- Focus on value-for-money in a weak consumer environment, especially in e-bikes where prices are higher
- Consolidation amongst independent retailers
- Short replacement cycle in kids' bikes
- Data driven maintenance programmes generating service revenue
- Digitally enabled trade-in programmes for sustainable growth

Our response:

- Leverage our brand and heritage to maintain market leadership in cycling products and services
- Predominantly own-brand and exclusive products
- Market-leading range of kids' bikes
- Product innovation in the premium cycling segment
- Nationwide network of conveniently located retail stores which also offer Click & Collection for orders placed online
- Enhanced e-commerce platform with enhanced filtering and comparison tools
- Partnership with sustainable charity, Sustrans, to launch the first UK walking and cycling index
- Integration of user-generated content and reviews across channels
- Dynamic pricing strategy responding to online competition
- Personalised marketing based on cycling preferences and habits

COMMERCIAL FLEET SERVICES ("CFS")

Provision of proactive tyre husbandry services for commercial fleets across the UK, maximising tyre life and safety and operating a 24/7, 365 days a year tyre breakdown service.

Market drivers:

- Modest recovery in commercial miles driven
- Increasing safety and compliance emphasis amongst fleet owners and operators
- Increasing need for fleet 'uptime' to increase operational efficiency

Market opportunities:

- Benefits for commercial fleet operators from contracting with a single, national service provider
- Greater appreciation of environmental as well as efficiency benefits from excellent tyre husbandry, including regrooving and retreading

Our response:

- Creation of a market-leading commercial fleet services business with a national footprint, providing unique nationwide coverage within this market

OUR MARKETPLACE

Our Key Macro Trends

1

Value

Description

- The UK consumer continues to face financial pressures, including rising essential costs and cautious discretionary spending, despite improvements to the minimum wage. Customers are increasingly seeking the optimal balance of value, quality, and service.

Impact

- Consumer confidence remains fragile, with customers continuing to delay or forgo major purchases in favour of savings or needs based spending.

Our response

- Our strategy for the business is as relevant as ever – a transition away from the traditional retail model towards a services and B2B-focused business, delivering repeatable revenue streams which are more non-discretionary.
- Halfords Motoring Club ("HMC") provides tailored discounts and service bundles to support value-conscious customers.
- We have continued to invest in new product development at all price points. Our own-brand ranges in categories such as tyres and cycling offer high quality at more accessible price points than branded alternatives.
- We offer flexible payment solutions, including credit options and 'buy now, pay later' schemes, helping customers spread the cost of essential repairs.
- Our market-leading Cycle2Work offer continues to offer customers a highly cost-effective way to purchase a bike.

Link to principal risks

- Customer proposition and relevance

2

Data and AI

Description

- Artificial intelligence ("AI"), powered by quality data, is transforming organisations that scale it effectively. As adoption grows, businesses must also meet rising expectations for responsible and ethical data use.

Impact

- There is a significant opportunity for Halfords to enhance how customer and vehicle data is managed and leveraged across the Group. By connecting data from multiple touchpoints, we can enable more personalised and consistent customer experiences, regardless of channel.
- As data-driven capabilities grow in scale and complexity, maintaining strong foundations – particularly in data privacy, ethics, security, and system resilience – remains critical to realising long-term value and building trust.

Our response

- We are upgrading our operational and analytical platforms, laying the foundations for more integrated, secure, and scalable use of data across the Group.
- New privacy and security tooling, alongside colleague training, supports compliant use of data.
- A customer-centric approach continues to guide our roadmap, ensuring that improvements deliver meaningful, measurable value.

Link to principal risks

- Technology transformation capability and capacity
- Cyber security

3

Do It For Me

Description

- The increasing complexity of vehicles and cycles means that many customers do not have the time, desire or knowledge to carry out repairs and maintenance.

Impact

- Our core customer is less interested in DIY solutions and places a high value on convenience. They want to be able to purchase the product they need, and have someone fit it at a time and location that is convenient for them.

Our response

- Services, including fitting of products purchased in-store or online, remain central to our strategy and are a key differentiator versus pureplay e-commerce operators.
- Our retail store car parks remain an important part of our service network, with over 80% of service events delivered on site – providing fast, local access to everyday fitting services.
- Our nationwide network of garages enables us to deliver more complex, higher-value work.
- Our fleet of mobile vans adds convenience, allowing customers to have work done at their preferred location.

Link to principal risks

- Customer proposition and relevance

4

Convenience

Description

- Consumers increasingly place a high value on leisure time and expect retailers and service providers to provide on-demand services and friction free interactions as standard.
- Convenience to them is not just about speed but about making their lives easier, even if this comes at an increased price.

Impact

- Customers expect a high degree of choice when it comes to time and location, and are typically willing to pay a premium for increased speed and convenience.

Our response

- In recent years, we have more than doubled our number of service locations, reducing average customer drive time from 30 minutes to 20 minutes.
- A restructured tyre supply chain enables same day delivery to our garages, enabling improved servicing of the distressed market.
- Our mobile van fleet has grown substantially, bringing services to customers' driveways and workplaces with same day service options in some instances.
- Across our estate, we are investing in on-demand and same day service capability – offering services such as battery or bulb fitting without the need for prior booking. This immediacy is a core differentiator in our offer and enhances customer trust and loyalty.

Link to principal risks

- Customer proposition and relevance
- Disruption to end to end supply chain

5

Changing UK Car Parc

Description

- The age of the UK car parc has increased from 7.5 years in 2019 to 10.1 years in 2024.

Impact

- With the average age of cars increasing, they are likely to require more frequent visits to garages for servicing, maintenance and repair.
- A higher proportion of cars will be more than three years old, with most falling outside of dealer servicing packages. Customers are more likely to explore aftermarket servicing providers.

Our response

- The strategy of the Group since 2018 has been to accelerate the growth of the Motoring Services business. The growth in the number of garage locations and the creation of the mobile vans business has established Halfords as the market leader in aftermarket servicing, maintenance and repair.
- The rollout of our Fusion Motoring Services model will drive further growth in servicing, maintenance and repair work undertaken in our garages. The garage refurbishments under this programme include customer-facing elements that will provide more of a dealership look and feel whilst remaining competitive in terms of value, making Halfords an attractive option for out of warranty vehicles.

Link to principal risks

- Customer proposition and relevance

6

Transition to Electric

Description

- While uptake has arguably been slower than might have been expected, the UK's net zero targets underpin a transition towards lower carbon forms of transportation including electric vehicles.
- EVs continue to grow their share of the motoring market, led by fleet operators, whilst e-bikes and e-scooters are emerging forms of alternative transport.

Impact

- Increased demand for EV servicing capability, especially from B2B customers.
- Shorter replacement cycle for tyres due to increased weight of EVs compared to traditional Internal Combustion Engine vehicles.
- Changing demand for products specific to EVs alongside growing sales of e-bikes and e-scooters in our retail business.

Our response

- We have continued to invest in colleague training and garage equipment to ensure that our ability to service EVs has kept pace with demand. This includes by way of the Fusion programme, which where possible includes installation of a Class 7 ramp suitable for EVs as well as light commercial vehicles.
- We have continued to develop our range of e-mobility products including EV charging equipment, e-bikes and e-scooters, ensuring the highest levels of product safety across our ranges.

Link to principal risks

- Customer proposition and relevance
- Culture / colleague engagement and skills

BUSINESS MODEL

Creating value and leading with our vision to be the super-specialists in motoring and cycling, trusted by the nation.

KEY RESOURCES AND RELATIONSHIPS

Halfords' model is built on a unique combination of physical assets, proprietary technology, skilled people, and deep customer relationships.

Colleagues

Over 12,000 highly trained colleagues are the bedrock of our service-led model. We continue to invest in capability through structured programmes and EV training – and support over 300 apprentices across our garages, stores, and Support Centre.

Customers and loyalty

We serve c.20 million customers annually, including 5 million Motoring Club members. With 5.6 million service jobs per year and 140 million annual website visits, we hold unique insights into vehicle and customer lifecycle needs.

Physical estate

Our infrastructure spans 373 retail stores, 632 garages, 280 Mobile Expert vans, and >500 Commercial fleet vans – giving Halfords national reach and unrivalled convenience.

Digital and data platforms

Halfords.com integrates e-commerce, booking, and subscription services, powered by a Group-wide customer view and c12 million contactable vehicle records, enabling personalisation and service relevance.

Brand and partnerships

Our exclusive brands – Apollo, Carrera and Boardman in cycling, and Halfords Advanced motoring products – are complemented by deep partnerships with suppliers, manufacturers, and corporates. Tredz and Cycle2Work bolster our B2B and cycling strength.

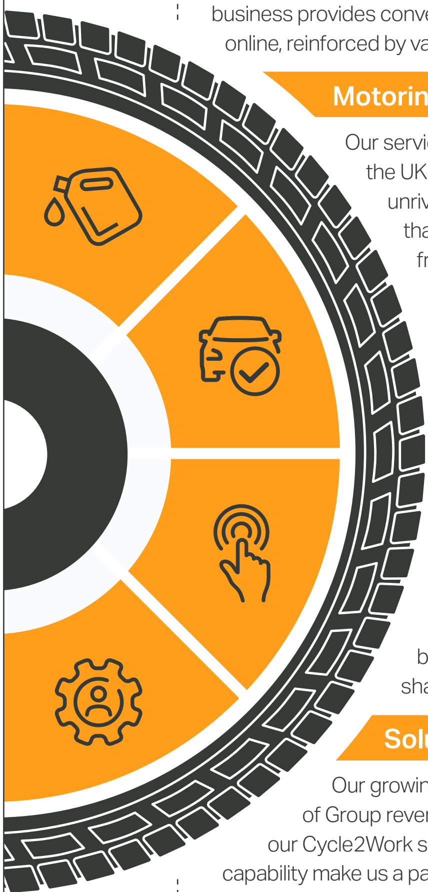
Technology IP

Avayler, our proprietary garage management system, is licenced globally, creating scalable recurring SaaS revenue.

Financial strength

Strong cash generation, a robust balance sheet and disciplined capital allocation support continued investment in growth, digital infrastructure, and capability.

WHAT WE DO



Retail Motoring and Cycling Products

Products remain at the core of our business and have been for over 125 years, making us the UK's leading retailer of motoring and cycling products. Our strategic focus on own-brand development allows us to offer differentiated products and capture greater value, supported by targeted investment in innovation and sustainability.

We offer a comprehensive range from essential vehicle parts and cycling accessories to exclusive premium ranges under the Boardman brand and through the Tredz performance cycling business. Additionally, our retail business provides convenient, expert-led customer service in-store and online, reinforced by value-added fitting and advice.

Motoring Services

Our service platform is one of the most comprehensive in the UK; helping to keep the UK moving whilst delivering unrivalled customer service. We operate across more than 1,750 service locations, offering everything from tyre fitting and vehicle health checks to full SMR (service, maintenance and repair) delivered across retail car parks, in garages, or at the customer's home or workplace using our mobile vans. Our scale and flexibility enable us to meet customers where and when it suits them.

Our Fusion model leverages our unique proposition even further by bringing together our Motoring Services offer under one unified operating model at a town level. This delivers more convenient experiences for customers and improves operating efficiency through better referral pathways, workload planning, and shared leadership capability.

Solutions for Businesses

Our growing B2B businesses now account for nearly a third of Group revenue, including Commercial Fleet Services and our Cycle2Work scheme. Our national coverage and operational capability make us a partner of choice for large organisations.

SaaS Provision

Avayler, our proprietary garage management platform, is deployed internationally as a modular SaaS solution. The Avayler solution improves customer experience and efficiency across garage and mobile operations, enabling higher sales, stronger margins, and improved compliance. It is a key enabler of scalable, recurring B2B revenue.

WHAT DIFFERENTIATES US

Halfords occupies a unique position within the UK market as the only national business to combine an extensive retail presence with a market-leading network of garages and mobile servicing vans. Our ability to connect the full breadth of motoring and cycling needs under one trusted brand is what sets Halfords apart, making us the only provider able to support customers throughout vehicle ownership.

Halfords is differentiated by:

1 National market leadership

Halfords is the UK's largest integrated provider of motoring and cycling services and products. Our national footprint spans retail, autocentres, and mobile operations – delivering market-leading convenience and trust to both consumers and businesses.

2 Integrated omnichannel fulfilment and fitting

We uniquely combine online journeys with in-person fulfilment and expert fitting – offering customers the ability to research, book, and complete services across channels. In store, we provide on-demand fitting of bulbs, blades, and batteries, a distinctive and convenient proposition that sets us apart.

3 Fusion operating model

Our Fusion towns bring together retail, garages, and mobile experts into unified local ecosystems – improving referral rates, reducing acquisition costs through earlier identification of work required, and delivering a seamless customer experience. It's a scalable blueprint for operational integration.

4 Customer insight at scale

With 5 million Halfords Motoring Club members, 5.6 million service jobs annually, and access to current owner details for more than 12 million vehicles, we have a uniquely rich data asset. Our CRM and Halfords Motoring Club allow us to personalise offers, increase visit frequency, and grow lifetime value.

5 Diversified and resilient revenue mix

Our model balances consumer retail with business services, discretionary spend with needs-based maintenance, and one-off purchases with recurring revenue streams. B2B now accounts for around one-third of Group revenue, whilst services are more than half.

6 Scalable, proprietary technology

Avayler, our in-house garage management platform, is licensed internationally. It delivers high-margin, recurring SaaS income and extends Halfords' reach into global automotive markets.

THE VALUE WE CREATE

Halfords creates sustained value by leveraging our unique combination of assets to deliver differentiated customer propositions. Our integrated physical and digital presence spanning both retail and garage services – underpinned by rich data and strong brand equity – enables us to attract and retain customers across multiple touchpoints, driving increased loyalty and lifetime value.

Customers (Consumer and B2B)

Access to a market-leading services and shopping experience, meeting their motoring and cycling needs via the convenience of one Group website and our 1,750+ stores, garages and vans, with access to technical and expert advice from our 12,000+ colleagues.

67.5 Net Promoter Score (+2.0 points YoY)

Colleagues

Enjoy rewarding careers with clear pathways for professional development, training, and recognition in an inclusive and supportive workplace.

75% Colleague Engagement Score (+3% YoY)

Shareholders

Benefit from a resilient, cash-generative business model with opportunities for sustainable, profitable growth and disciplined returns on invested capital.

8.8p dividend proposed (+10% YoY)

Suppliers and partners

Gain access to a trusted distribution network and collaborative opportunities that drive mutual growth and support shared sustainability goals.

600+ suppliers in our value chain

Communities and the planet

Benefit from Halfords' commitment to environmental stewardship, responsible supply chain practices and investment in people – including initiatives to reduce waste, lower emissions, and increase diversity in the motoring industry.

2.8m plastic components removed from our packaging this year

OUR STRATEGY

My priority is to optimise the Halfords business by leveraging its unique strengths to drive profitable growth and enhance returns for shareholders.

HENRY BIRCH
Chief Executive Officer

Read more on page 12

Inspire

Inspire our customers with a differentiated and super-specialist offer.

Read more on page 23

Support

Support our customers through an integrated, unique and more convenient services offer.

Read more on page 24

Lifetime

Enable a lifetime of motoring and cycling.

Read more on page 25

Inspire

Inspire our customers with a differentiated and super-specialist offer.

Objectives

- Reinforce our position as a super-specialist motoring and cycling business, enhancing our range of products and services, and investing in training for colleagues to deliver expert advice and support.
- Lead and differentiate in our markets with customer-led innovation, utilising deep insight and supplier collaboration to create exclusive products.
- Continually improve the customer journey online and in-store, optimising our web platform and the full omnichannel journey, with a focus on personalisation and a more experiential, inspirational and service-led environment.
- Invest in digital platforms and modernised operational systems, to support seamless service and category leadership.
- Build colleague capability through expanded development and leadership programmes.

Progress made

- **Fusion roll out:** Expanded the Fusion Motoring Services model to 50 sites, successfully integrating Retail and Autocentre propositions to deliver a more seamless and expert customer experience.
- **Innovation:** Developed innovative and exclusive new products (e.g. Nextbase IQ dashcams, car seats made from recycled fabrics) and continued to drive innovation through partnerships and customer insight.
- **Digital experience:** Successfully migrated legacy systems to a modern cloud-based Azure infrastructure, improving uptime, data security, and platform stability. Ongoing upgrades to Halfords.com have delivered faster navigation and better checkout functionality, driving higher online conversion.
- **Category leadership:** Launched over 25 new premium mechanical and electric bikes across our Boardman, Voodoo and Carrera brands and delivered a step-change in click-and-collect convenience. Major range refreshes included car cleaning, child travel, and touring categories.

Priorities for the next 12 months

- **Loyalty CRM replatform:** Begin the replatforming of our contact centre environment to support more connected and efficient customer journeys, while continuing to develop our long-term CRM strategy to enable insight-led services.
- **Fusion growth plans:** Continued rollout of the Fusion Motoring Services proposition, investing in both garage and retail car park upgrades.
- **Category management focus:** Implement effective category management strategies to speed up the launch of products and respond to emerging customer needs.
- **Product and merchandising innovation:** Continue new product development and improved merchandising activities, with a focus on high-growth categories and sustainability.
- **Colleague capability investment:** Deepen colleague capability with continued investment in leadership, technical, and safety skills.

"

We've expanded our Fusion Motoring Services model to 50 locations, successfully uniting Retail and Autocentres to deliver a more seamless, expert-led customer experience.

50
Fusion locations delivered

+2.0
increase in Group NPS

OUR STRATEGY

Support

Support our customers through an integrated, unique and more convenient services offer.

Objectives

- Provide access to products and services through a unique combination of stores, garages and mobile vans, complemented by a strong digital platform.
- Create an integrated service proposition, with a single Group website and seamless referrals between retail, garages, and mobile operations.
- Continue to grow B2B and Commercial Fleet Services, leveraging national scale.
- Continue to deliver on major Avayler contracts with automotive service providers worldwide.
- Embed cost discipline and operational efficiency to enable ongoing investment in our customer offer.

Progress made

- **Fusion roll out:** Fusion model brought retail and autocentres in a town closer together, with a dedicated Automotive Services Manager overseeing vehicle checks and fitting services in store and able to directly book the vehicle into the local garage where additional or more complex work is identified and performed.
- **B2B expansion:** Invested in tech projects which support B2B growth through an improved client experience. Delivered growth in Commercial Fleet Services supported by new contracts.
- **Avayler optimisation:** Avayler's landmark contract with Bridgestone has now reached pilot stage.
- **Garage productivity:** Improved margin per worked hour across Autocentres, supported by investment into garage leadership capability.
- **Customer convenience:** Enhanced customer proposition with an extended range of tyre options to provide more affordability and additional payment options including "buy-now-pay-later", whilst maintaining industry-leading service ratings for our mobile business.
- **Cost savings:** Achieved £35m of incremental cost savings to mitigate inflationary headwinds and allow for selective investment in growth initiatives across the business.
- **Supply chain efficiency:** Tyre supply chain operations were restructured and outsourced, improving delivery and convenience, and better enabling same day tyres.
- **Colleague investment:** Launched a new leadership training framework, expanded our apprenticeship programmes, and introduced field-based trainers—strengthening front-line capability and enhancing the trusted, expert service that customers rely on.

Priorities for the next 12 months

- **ERP system modernisation:** Initiate selection and planning for a new ERP system to modernise core processes, boost operational efficiency, and support scalable growth.
- **Enhanced digital experience:** Modernisation of our website architecture, further supporting digital first customer journeys through improved website speed, accessibility and search functionality.
- **Apprenticeship expansion:** Continue investment in the apprenticeship scheme, with plans for c.165 new apprentices, further supporting diversity and skills in the sector.
- **Cybersecurity reinforcement:** Further strengthen cybersecurity and data protection measures to safeguard our business, colleagues, and customers as our digital platform evolves.
- **Commerical Fleet Services growth:** Grow our Commercial Fleet Services business, winning further contracts and enhancing B2B relationships.

150
new Garage Apprentices in FY25

5.6m
service jobs completed in FY25

"

We achieved £35m of incremental cost savings to mitigate inflationary headwinds and allow for selective investment in growth initiatives across the business.

Lifetime

Enable a Lifetime of motoring and cycling.

Objectives

- Put the customer at the forefront of decision-making, using data to provide tailored and timely service and support throughout the customer journey.
- More actively drive customer loyalty and retention by developing our CRM systems and the Halfords Motoring Club with a view to optimising lifetime value and advocacy.
- Grow the Motoring Club and related subscription-based propositions to build a recurring, high-margin revenue stream.

Progress made

- **Motoring Club growth and engagement:** Surpassed five million Motoring Club members, with a growing mix of Premium subscriptions. The Club continues to drive increased frequency and breadth of shop, significantly boosting cross-channel usage and customer retention.
- **Personalisation and data:** Leveraged CRM and new data analytics capabilities to deliver more personalised offers, deeper insight, and better lifetime value. Club members accounted for almost half of all MOTs completed in Autocentres, with NPS and cross-shop rates well above non-members.

Priorities for the next 12 months

- **Salesforce CRM upgrade:** Begin the upgrade to a next-generation Salesforce CRM platform, unlocking richer insights, enhanced personalisation, and a more unified customer experience across retail and garages.
- **Personalised member journeys:** Continue to expand and personalise member journeys, building further incentives for repeat business, retention, and advocacy.
- **Customer acquisition optimisation:** Drive down customer acquisition costs by leveraging Club data and partnerships.

5.0m
Halfords Motoring Club Members

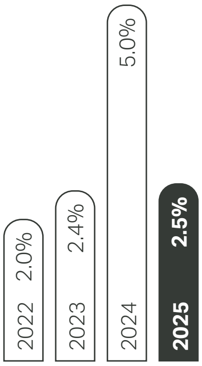
c.12m
Vehicle Contact Records

> "We surpassed five million Motoring Club members, with a growing mix of Premium subscriptions.

OUR KEY PERFORMANCE INDICATORS

Shareholder KPIs

Like-for-Like Sales Growth



Definition

Revenue from continuing operations that have been trading as part of the Group for at least a year (but excluding prior year sales of stores and Autocentres closed during the period) at constant foreign exchange rates.

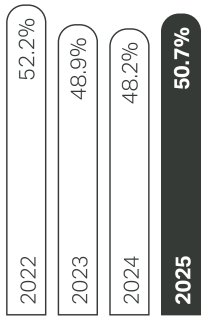
Reason

Like-for-like sales is a widely used indicator of a retailer's trading performance, and is a comparable measure of our year-on-year sales performance.

FY25 Performance

The Group delivered positive like-for-like sales in FY25 in a challenging consumer demand environment, with growth in both the Retail and Autocentres segments.

Underlying Gross Margin %



Definition

Gross profit as a percentage of revenue, for total operations, excluding non-underlying items.

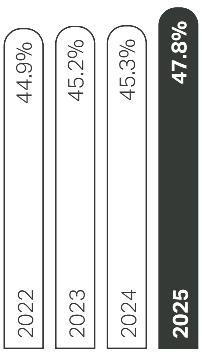
Reason

This measurement of profitability provides stakeholders with a view of the underlying trading margin of the Group.

FY25 Performance

FY25 delivered strong progress on gross margin, with gains across both segments supported by pricing strategy, buying improvements, services mix and foreign exchange benefits.

Underlying Cost % of Revenue



Definition

Operating costs as a percentage of revenue, excluding non-underlying items.

Reason

This measure provides stakeholders with a view of the Group's management of its cost base relative to sales performance.

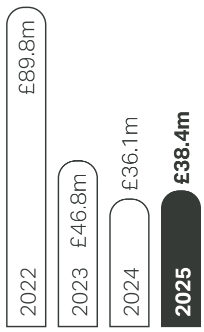
FY25 Performance

Operating cost as a % of revenue was impacted by continued inflation in the period, notably in labour costs with a c.10% increase in the National Living Wage and corresponding increase in wages to maintain a skills differential in the business. FY25 also marked the reinstatement of performance-related variable incentives for colleagues.

Link to Remuneration

Bonus

Underlying Profit Before Tax



Definition

Profit before income tax and non-underlying items, for total operations.

Reason

This measurement of profitability provides stakeholders with a view of underlying trends and performance, and the delivery of the Group strategy.

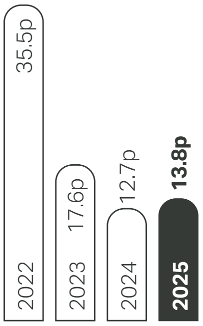
FY25 Performance

We delivered a 6.4% increase in underlying PBT for total operations in FY25 despite inflationary headwinds, through growth in like-for-like sales, gross margin expansion and continued cost saving initiatives.

Link to Remuneration

Bonus

Underlying Earnings Per Share



Definition

Profit after income tax and before non-underlying items on a total operations basis, divided by the number of shares in issue.

Reason

Basic EPS is a measure of underlying profit generation relative to the shares in issue and as such, measures delivery against our strategic objectives.

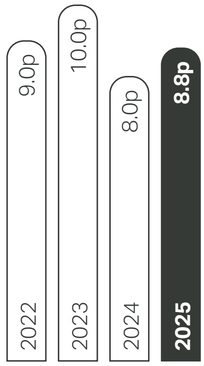
FY25 Performance

Underlying EPS grew in-line with underlying PBT in the period.

Link to Remuneration

Performance Share Plan

Dividend Per Share



Definition

Cash returned to shareholders as a return on their investment in Halfords, presented on a pence per share basis.

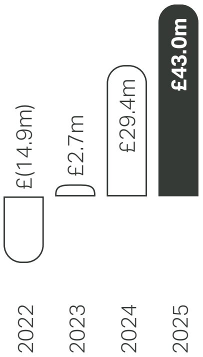
Reason

Dividends are an important element of total shareholder return. Our dividend policy is to pay an ordinary dividend that is covered 1.5x to 2.5x by Underlying Profit After Tax.

FY25 Performance

Dividend increased by 10% reflecting underlying profitability in the period and consistent with our dividend policy which states that the dividend will be covered 1.5x to 2.5x by Profit After Tax.

Free Cash Flow



Definition

Net cash from operating activities less capital expenditure, net finance costs, supplier financing and lease payments.

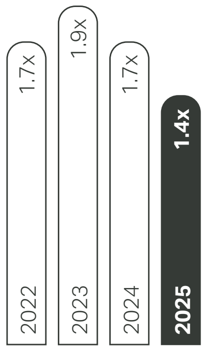
Reason

Free cash flow is an important alternative to profit in understanding the performance of the business, and specifically its ability to generate cash from its activities.

FY25 Performance

Disciplined working capital and cash management alongside underlying business profitability drove c.£43.0m of free cash flow in the year, representing a very strong performance on this metric.

Net Debt to EBITDA



Definition

The ratio of Net Debt to Underlying EBITDA (including lease debt) on a total operations basis.

Reason

This ratio measures the Group's financial leverage relative to the targeted range of 1.8x to 2.3x (including M&A).

FY25 Performance

Strong cash generation in the period resulted in a net cash position at year-end, reflecting the Group's prioritisation of a strong and resilient balance sheet in line with its stated capital allocation policy.

OUR KEY PERFORMANCE INDICATORS

Operational KPIs

Service-related Sales

Definition

Service-related sales is the income derived from the fitting or repair services themselves along with the associated product sold within the same transaction.

Reason

A core part of the Group's strategy is to grow service-related sales faster than total Group sales.

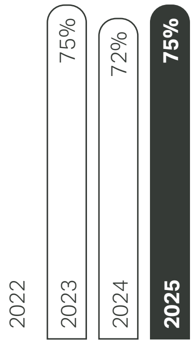
FY25 Performance

Consistent with our strategy, the Group drove a further increase in the proportion of sales derived from service-related activities in FY25.

Link to Remuneration

Performance Share Plan

Group Colleague Engagement



Definition

The proportion of Group colleagues who respond positively to specific questions in the annual Colleague Engagement Survey.

Reason

High colleague engagement is critical to delivering the Group's strategy, whilst also being the right thing to do for a key stakeholder.

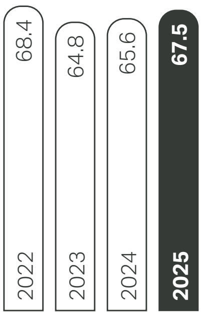
FY25 Performance

Colleague engagement increased by 3 percentage points to 75% in this year's Colleague Engagement Survey, which captured the views of 95% of our workforce.

Link to Remuneration

Bonus

Customer Net Promoter Score



Definition

A measure of customer sentiment based on surveys across multiple channels, consistent with industry-wide measures. The basis of this measure changed from FY23 onwards to reflect the changing shape of the Group.

Reason

Customer NPS is a key measure of how our strategy is delivering for customers and is important for future growth.

FY25 Performance

Group NPS improved by 2.0 points in the period, reflecting notably strong performances in stores, online and customer services.

Link to Remuneration

Bonus

Read more on pages 68 and 110

CHIEF FINANCIAL OFFICER'S STATEMENT

"FY25 Group underlying PBT of £38.4m (FY24: £36.1m) was up £2.3m or 6.4% despite continued inflationary and market headwinds.

JO HARTLEY
Chief Financial Officer

Group financial results

All numbers are stated on a post-IFRS 16 basis unless otherwise indicated.

Result from Continuing Operations	**FY25 £m**	FY24 £m	Change 25 vs 24
Revenue	**1,715.2**	1,696.5	1.1%
Gross Profit	**869.1**	822.6	5.7%
Gross Margin	**50.7%**	48.5%	2.2ppts
Underlying EBIT	**49.5**	56.2	(11.9%)
Underlying EBITDA	**180.6**	183.4	(1.5%)
Net Finance Expense	**(11.1)**	(13.1)	15.3%
Underlying Profit Before Tax	**38.4**	43.1	(10.9%)
Net Non-Underlying Items	**(68.4)**	(4.3)	
Reported (Loss) / Profit Before Tax	**(30.0)**	38.8	
Underlying Basic Earnings per Share	**13.8p**	15.1p	(8.6%)

In FY24, the Group entered into an agreement with specialist tyre distributor Bond International ("Bond"), which now manages the tyre distribution and warehousing operations for the consumer garage business. This restructuring resulted in the closure of the tyre wholesale and distribution operations that formed part of the Axle Group acquisition in December 2021, and these closed operations were classified as 'Discontinued' in our accounts for FY24. The decision to outsource our tyre and warehousing operations to Bond delivers significant financial benefit to the Group, however, it also results in some costs previously incurred in the discontinued Viking operation now being reflected in the continuing consumer garage business by way of a tyre distribution fee paid to Bond. A comparison to the results of Total Operations last year better reflects relative performance.

A reconciliation of Underlying Profit Before Tax ("PBT") from Continuing Operations to the Total FY24 result is provided in the table below. No operations were discontinued in the 52 weeks ending 28 March 2025 ("FY25").

	FY25 £m	FY24 £m	Change 25 vs 24
Underlying Profit Before Tax from Continuing Operations	**38.4**	43.1	(10.9%)
Underlying Loss Before Tax from Discontinued Operations	**–**	(7.0)	–
Underlying Profit Before Tax – Total Operations	**38.4**	36.1	6.4%

The following table shows the same results for FY25 as above but with Total Operations as the FY24 comparative and is the basis of the narrative which follows.

Result from Total Operations	**FY25 £m**	FY24 £m	Change 25 vs 24
Revenue	**1,715.2**	1,712.8	0.1%
Gross Profit	**869.1**	825.3	5.3%
Gross Margin	**50.7%**	48.2%	2.5ppts
Underlying EBIT	**49.5**	49.2	0.6%
Underlying EBITDA	**180.6**	177.8	1.6%
Net Finance Expense	**(11.1)**	(13.1)	15.3%
Underlying Profit Before Tax	**38.4**	36.1	6.4%
Net Non-Underlying Items	**(68.4)**	(16.2)	
Reported (Loss) / Profit Before Tax	**(30.0)**	19.9	
Underlying Basic Earnings per Share	**13.8p**	12.7p	8.7%

FY25 Group underlying PBT of £38.4m (FY24: £36.1m) was up £2.3m or 6.4% compared to the result from Total Operations in the prior period. This strong performance, despite continued inflationary and market headwinds, resulted in the reinstatement of variable performance related incentives across the Group, leading to increased costs year-on-year ("YoY") which are reflected in these results.

Group underlying earnings before interest and tax ("EBIT") was £49.5m (FY24: £49.2m), while Group underlying earnings before interest, tax, depreciation and amortisation ("EBITDA") was £180.6m (FY24: £177.8m), reflecting an increased depreciation and amortisation charge in the period.

Group revenue of £1,715.2m grew 0.1% year-on-year, and 2.5% on a like-for-like ("LfL") basis, despite trading against strong comparatives from the previous year (FY24: +5.0%). H2 saw significant momentum as trading improved in both the Retail and Autocentres businesses from the decline of (0.1)% LfL reported in H1.

The Group gross margin % was 50.7%, 250 basis points ("bps") higher than the prior period. This very strong performance reflected the success of our Better Buying programme and pricing optimisation, together with a favourable mix into higher margin servicing categories in Autocentres. Gross margin % is now at the highest level seen in the last three years.

Group operating costs of £819.6m grew 5.6% YoY (FY24: £776.1m). This was driven by the significant inflationary impact of the 10% National Living Wage increases in FY25 and the reinstatement of variable performance-related incentives, offset by operating cost efficiencies, including the benefit of outsourcing tyre warehousing and distribution to Bond.

The Group's underlying profitability and excellent working capital management supported a £13.6m increase in free cash flow YoY to £43.0m (FY24: £29.4m). The resulting improvement in our average cash position drove a 15.3% (equivalent to £2.0m) YoY reduction in net finance expenses.

In total, the cost and efficiency programme delivered £35m of savings, offsetting more than £33m of inflationary headwinds.

Non-underlying items resulted in a charge of £68.4m during the period (FY24: £4.3m charge). The FY25 charge largely relates to a non-cash goodwill impairment in the retail segment reflecting changes to the discount rate based on rising UK gilt yields as applied to updated forecasts which reflect the additional costs introduced by the Autumn Budget. Further details are provided below.

Underlying Profit Before Tax

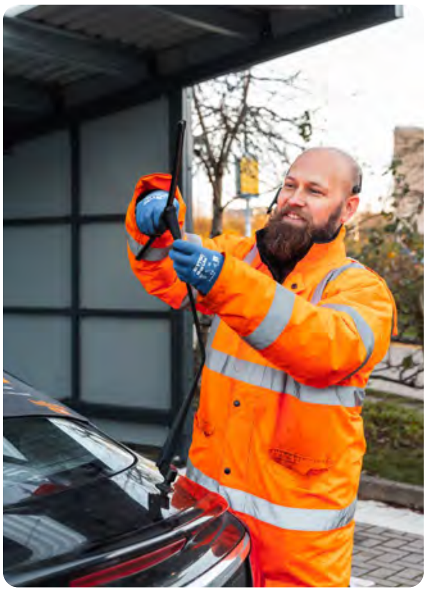
£38.4m

Net Cash

£10.1m

CHIEF FINANCIAL OFFICER'S STATEMENT

Detailed analysis of our sales performance, gross margin and operating costs are covered under 'Reporting Segments' below. Unallocated costs of £5.2m (FY24: £5.4m) represent amortisation charges in respect of intangible assets acquired through business combinations which arise on consolidation of the Group.



Reporting segments

Retail

	FY25 £m	FY24 £m	Change* 25 vs 24	Sales mix %
Revenue	**1,004.9**	997.1	2.1%	
– Motoring	**648.6**	644.6	2.3%	64.5%
– Cycling	**356.3**	352.5	1.7%	35.5%
Gross Profit	**495.7**	471.5	5.1%	
Gross Margin	**49.3%**	47.3 %	2.0ppts	
Operating Costs	**(456.7)**	(430.4)	(6.1%)	
Underlying EBIT	**39.0**	41.1	(5.1%)	
Non-underlying items	**(53.9)**	(1.5)		
EBIT	**(14.9)**	39.6		
Underlying EBITDA	**118.7**	123.2	(3.7%)	

* Change in revenue is on a LfL basis

In Retail, our services-led, specialist proposition resonated well with customers and resulted in LfL sales growth of 2.1% compared to the previous period, with total Revenue reaching £1,004.9m. Pleasingly, growth came from both Motoring and Cycling sales, with both performing ahead of our initial expectations and accelerating through H2. Cycling performed particularly well in the final months of the year, with kids' bikes, Cycle2Work and Tredz continuing to be the stronger categories. In Motoring, our focus was on margin optimisation through effective pricing and promotion activity.

Success in our pricing and promotional strategy, continued gains from our Better Buying programme and an improvement in the FX rate through cost of goods sold enabled us to deliver 2.0 percentage points ("ppts") of YoY Retail gross margin expansion.

Combined with ongoing cost savings, these factors enabled us to significantly grow operating profit in the Retail business despite a 10% increase in the National Living Wage. This strong performance resulted in the reinstatement of performance-related variable incentives, the triggering of which resulted in reporting of Retail Underlying EBIT of £39.0m, a small decline YoY (FY24: £41.1m).

Autocentres

As in the Group-level disclosure above, the table below shows Autocentres segment performance with the prior period comparative reflecting only Continuing Operations.

Continuing Operations	**FY25 £m**	FY24 £m	Change* 25 vs 24
Revenue	**710.3**	699.4	3.7%
Gross Profit	**373.4**	351.1	6.4%
Gross Margin	**52.6%**	50.2%	2.4ppts
Operating Costs	**(357.7)**	(330.3)	(8.3%)
Underlying EBIT	**15.7**	20.8	(24.5%)
Non-underlying items	**(14.5)**	(2.8)	
EBIT	**1.2**	18.0	
Underlying EBITDA	**62.0**	60.2	2.9%

* Change in revenue figures is on a LfL basis

A reconciliation of Autocentres Underlying EBIT from Continuing Operations to the Total FY24 result is provided in the table below. No operations were discontinued in FY25.

	FY25 £m	FY24 £m	Change 25 vs 24
Underlying EBIT from Continuing Operations	**15.7**	20.8	(24.5%)
Underlying EBIT from Discontinued Operations	**–**	(7.0)	–
Underlying EBIT – Total Operations	**15.7**	13.8	13.8%

The following table shows the same information as above but with Total Operations as the FY24 comparative (i.e. including the discontinued Viking and BDL tyre and wholesale operations as reported previously). As above, the narrative which follows uses the results of Total Operations as the prior period comparative as they include the ongoing cost of running the discontinued tyre supply chain operations of Viking and BDL, which are now outsourced to Bond.

Total Operations	**FY25 £m**	FY24 £m	Change* 25 vs 24
Revenue	**710.3**	715.7	3.7%
Gross Profit	**373.4**	353.8	5.6%
Gross Margin	**52.6%**	49.4%	3.2ppts
Operating Costs	**(357.7)**	(340.0)	5.2%
Underlying EBIT	**15.7**	13.8	13.8%
Non-underlying items	**(14.5)**	(14.7)	
EBIT	**1.2**	(0.9)	
Underlying EBITDA	**62.0**	54.6	13.6%

* Change in revenue figures is on a LfL basis

Autocentres LfL sales growth of 3.7% to £710.3m (£707.6m ex-Avayler) was another very pleasing performance in the context of the exceptionally strong 10.7% LfL sales growth reported in FY24, especially given ongoing decline in the consumer tyres market. As such, this result is reflective of ongoing success in the strategically important and highly fragmented Service, Maintenance and Repair ("SMR") market, supported by investment in garage leadership capability and the rollout of our Fusion motoring services model.

Improvements in our pricing strategy and gains from Better Buying accelerated in H2 and, combined with the impact of sales mixing into higher margin SMR based on the factors outlined above, resulted in 3.0 ppts expansion in the Autocentres gross margin to 52.6%.

Costs were well controlled but grew as a percentage of revenue, largely due to the increase in the National Living Wage referred to above as we sought to maintain a pay differential for skills, investment in garage leadership capability and the reinstatement of variable performance incentives. Investment in leadership has already begun to yield benefits, with improved recruitment and training practices for local management improving service quality, resulting in more frequent identification of additional servicing requirements on vehicles coming through our garages and increasing sales of margin accretive add-ons such as wheel alignment when a new tyre is fitted.

We have also realised £4.4m of savings through the tyre supply chain restructuring announced at the start of the year, which involved the outsourcing of wholesale operations to Bond. In addition to the reduction in cost from this arrangement, we have seen better tyre availability in our garages and our ability to service customers making a distressed tyre purchase has improved as a result.

Ex-Avayler, Autocentres generated underlying EBIT of £18.3m in the year, an increase of 21.2% YoY (FY24: £15.1m). This is an excellent result reflecting a very strong H2 performance which demonstrates the future potential of this strategically important part of the business.

The Avayler business continues to be reported within the Autocentres segment but now operates as a standalone business within the Group. It generated revenue of £2.7m (FY24: £2.3m) but incurred a loss before interest and tax of £2.6m (FY24: £1.3m) as investment continued. During the period ATD, a customer based in North America, entered a Chapter 11 process. The consequent loss of this key customer is expected to impact Avayler's financial performance in FY26.

Including Avayler, underlying EBIT increased by 13.8% to £15.7m (FY24: £13.8m).

CHIEF FINANCIAL OFFICER'S STATEMENT

Net non-underlying items

The following table outlines the components of the non-underlying items recognised in the period:

	FY25 £m	FY24 £m
Organisational Restructure Costs	**(1.5)**	(7.7)
Closure Costs	**(14.9)**	4.4
Acquisition and Investment-Related Fees	**–**	(1.0)
Cloud Migration Costs	**(2.9)**	–
Impairment of non-current assets	**(49.1)**	–
Net Non-Underlying Items Charge	**(68.4)**	(4.3)

The majority of these charges are non-cash accounting adjustments (cash non-underlying items in FY25 totalled £5.7m). In particular:

- FY25 closure costs of £14.9m (FY24: £4.4m credit) mostly related to the decision to exit a number of sites under our garage optimisation programme (£11.3m of which is non-cash). This decision followed a full review of the future profitability of the Group's physical estate in light of the increased labour cost introduced by the Autumn Budget, and with reference to sites' suitability for the Fusion programme. The closure of these garages will be immediately earnings accretive with colleagues mostly redeployed to alternative sites and a degree of trade transfer in the local area. Non-underlying costs of £1.4m are expected in FY26 relating to this decision.
- FY25 impairment of non-current assets of £49.1m (FY24: nil) predominantly relates to retail segment goodwill and reflects an increased discount rate due to trends in UK gilt yields over the last 12 months. This increased discount rate is applied to forecasts which reflect enacted and anticipated changes to Employers' National Insurance Contributions and the National Living Wage from FY26. As a result of this review, the Group recognised a non-cash impairment expense of £47.9m in relation to goodwill and £1.2m in relation to right of use assets.
- FY25 organisational restructure costs of £1.5m (FY24: £7.7m) related to the ongoing warehouse management system replacement programme. Following successful deployment in our Distribution Centre ("DC") in Washford in FY25, implementation in our Coventry DC has been less straightforward. Deployment into the final DC has been delayed while Coventry systems are optimised by our delivery partner and as such the project is expected to conclude by FY27.

Portfolio management

The Group's property portfolio remains extremely flexible. With the exception of nine long-leasehold and three freehold properties in Autocentres, the Group's locations are occupied under short-term leases, the majority of which are on standard lease terms, typically with a 5-15 year term at inception.

The Retail store portfolio as at 28 March 2025 comprised 373 stores (FY24: 384 stores), having closed 11 stores during the period as we took our usual, rigorous approach to evaluating leases as they come up for renewal. The average remaining lease length on our Retail store estate is 2.6 years, with 346 leases, equivalent to more than 90% of our portfolio, expiring within five years.

The Autocentres portfolio as at 28 March 2025 comprised 632 locations (542 consumer garages and 90 commercial locations) (FY24: 636 locations including 547 consumer garages and 89 commercial locations). In late FY25, a decision was taken to close a small number of these garage locations as detailed under 'Net non-underlying items' above. The average remaining lease length on our Autocentres is around five years, and as in retail, we carefully evaluate all lease renewals when due.

As at 28 March 2025 there were a total of 784 vans in operation, 280 of which were Halfords Mobile Expert and National branded and 504 commercial vans (FY24: 770 vans in total).

Net finance expense

As noted above, excellent cash and working capital management resulted in a £13.6m increase in free cash flow YoY to £43.0m (FY24: £29.4m). The resulting improvement in our average cash position drove a 15.3% (equivalent to £2.0m) YoY reduction in net finance expenses, from £13.1m in FY24 to £11.1m in FY25.

Taxation

The taxation charge for the period was £3.8m (2024: £5.5m), including a £4.6m credit (FY24: £0.5m credit) in respect of tax on non-underlying items. The effective tax rate of (12.8)% (FY24: 24.6%) is lower than the UK corporation tax rate principally due to the impact of a non-deductible impairment of goodwill of £47.9m in the period as described above.

Earnings Per Share ("EPS")

Underlying Basic EPS was 13.8 pence (FY24: 12.7 pence) and after non-underlying items was (15.4) pence (FY24: 7.8 pence). Basic weighted-average shares in issue during the period were 217.9m (FY24: 217.4m). The increase in the basic weighted-average shares in issue during the period is due to the reduction in the weighted-average number of shares held by the Employee Benefit Trust.

Dividend

Following the payment of an interim dividend of 3.0 pence per share on 17 January 2025 (FY24: 3.0 pence), the Board is proposing an FY25 final dividend of 5.8 pence per share (FY24: 5.0 pence) which will absorb an estimated £12.6m (FY24: £11.0m) of shareholders' funds. This is consistent with our stated policy which requires our dividend to be 1.5x to 2.5x covered by profit after tax. It will be paid on 12 September 2025 to shareholders who are on the register of members on 8 August 2025.

Capital expenditure

Capital expenditure in the period totalled £52.7m (FY24: £43.7m).

Retail capital expenditure was £25.5m (FY24: £22.8m), of which £11.6m (FY24: £13.5m) related to IT infrastructure and e-commerce, mainly focused on the development of the loyalty offer in Halfords Motoring Club and the Group's websites. £13.9m (FY24: £9.3m) was invested in stores, including £5.6m on relaying space in a small number of stores.

Autocentres capital expenditure was £27.2m (FY24: £20.9m) of which £7.3m (FY24: £10.3m) related to IT software expenditure on the development of Avayler and PACE, the garage workflow system. Expenditure on property and garage equipment in the period was £19.9m (FY24: £10.6m), of which c.£7.6m was incurred in supporting the rollout of the Fusion Motoring Services model across our estate.

Inventories

Group inventory held at the period end was £225.2m (FY24: £237.5m). The £12.3m reduction in inventory holding YoY reflects the Group's success in its continued efforts to improve its inventory management.

Retail inventory was £170.3m (FY24: £178.8m), a decrease of £8.5m YoY. Autocentres inventory was £54.9m (FY24: £58.7m), a decrease of £3.8m YoY.

Cashflow and borrowings

Adjusted operating cashflow during the period was £185.7m (FY24: £185.6m). After taxation, capital expenditure, net finance costs, foreign exchange movements, supplier financing and lease payments, a free cash inflow of £43.0m (FY24: £29.4m) was generated in the period. The increase in free cashflow of £13.6m from FY24 is due to strong underlying performance (noting that colleague incentives will be cash paid in FY26), disciplined working capital management and a net income tax repayment in the period.

Group net debt, including IFRS 16 lease debt, was £261.3m at the balance sheet date (FY24: £315.3m) consisting of £19.1m of cash (FY24: £13.3m), £nil bank overdrafts (FY24: £nil), £8.8m in relation to the Group's revolving credit facility (FY24: £19.6m), £0.2m of other borrowings (FY24: £1.8m) and £271.4m of lease liabilities (FY24: £307.2m). The £54.0m decrease in the Group's net debt from FY24 relates to a £35.8m reduction in lease liabilities, a £5.8m cash inflow, £0.4m of other non-cash movements, and net repayment of the Group's revolving credit facility and other borrowings of £12.8m. Excluding lease debt, Group net cash improved by £18.2m to £10.1m (FY24: net debt of £8.1m).

Jo Hartley
Chief Financial Officer

25 June 2025

OUR ENGAGEMENT WITH STAKEHOLDERS

Effective utilisation of our resources and relationships are an integral part of our plan to drive long-term sustainable growth.

The views of all of our stakeholders are considered by the Board and Executive team on a regular basis.

Customers

Why it's important to engage

Understanding our customers' needs and behaviours allows us to deliver relevant products and services, retain customers and attract new ones. Our customers are at the heart of what we do, and their engagement is critical to our ability to create value.

What matters to them?

- A great product or service, for a fair price
- Expert advice and support when they need it
- Ability to access our services at a time and place that suits their needs

How we engage

- Regular communications through digital channels (e.g. email, social media), leveraging our Motoring Club to talk to our customers
- Net Promoter Score surveys daily in stores and garages giving quantifiable feedback
- Regular customer "listening groups" allowing more detailed feedback
- The Halfords Blog gives customers more in depth reports on topics such as electric mobility, ways to save money, competitions and essential information for motorists and cyclists

Outcomes of engagement

- Brand awareness and advocacy
- A loyal customer base who shop regularly for products and services across our Group offer
- Growing membership of the Halfords Motoring Club, including at the Premium (paid for) tier

Link to principal risks

- Customer proposition and relevance

Colleagues

Why it's important to engage

Our colleagues are critical to delivering our mission to inspire and support a lifetime of motoring and cycling, and to providing an exceptional experience for every customer, every time. Their skills and expertise form the cornerstone of our services proposition.

What matters to them?

- Development and career opportunities
- The right tools to do the job
- Fair remuneration
- A positive environment to work in, where wellbeing is supported
- A clear vision and a sustainable strategy

How we engage

- A regular rhythm of communications across the business, including regional conferences, team Huddles, a CEO blog and our intranet
- Annual Colleague Engagement Survey to ensure every colleague has the chance to have their voice heard
- Our Values recognition scheme enables any colleague to be nominated for living the Halfords values and role modelling behaviour that positively impacts colleagues and customers. Each quarter, the winner receives the Colleague of the Quarter award, and annually this culminates in a Colleague of the Year Award where we recognise one colleague for their outstanding contribution to the culture of the business
- We continue to support Mind along with its sister charities SAMH (Scotland) and Inspire (Ireland) as our Group charity partner, highlighting the importance of mental wellbeing to our colleagues

Outcomes of engagement

- Colleagues are clear on the strategic direction of the business and how they can play their part
- A highly engaged workforce who feel empowered to make a positive contribution to the culture of the business
- Values which live and breathe across the Group, and form the basis of how we do business

Link to principal risks

- Regulatory and compliance
- Health and safety
- Technology transformation capability and capacity
- Culture / colleague engagement and skills

Suppliers

Why it's important to engage

Engaging with our supply chain effectively ensures the security of supply and speed to market. Our brand relies heavily on the high standards of our carefully selected suppliers in order for us to deliver market-leading products and services.

What matters to them?

- A trusted distributor in the UK and ROI
- Fair payment terms and pricing
- Responsible sourcing practices

How we engage

- Our Far East trading office and UK teams work closely with suppliers to build transparent, long-term relationships grounded in mutual growth
- We host regular supplier conferences and strategic reviews to align on commercial performance, innovation opportunities, and operational improvements
- Through direct engagement with key suppliers we create a comprehensive understanding of both their sustainability goals and wider business priorities, fostering joint ownership of quality, service, and risk management
- We use platforms such as EcoVadis to capture supplier data, supporting our ESG strategy across emission reductions, human rights, and supply chain ethics
- We collaborate with third-party logistics providers to enhance delivery reliability, optimise inventory, and strengthen supply chain resilience

Outcomes of engagement

- A stable and sustainable supply chain, supporting efficiencies and controls
- Strong and well managed supplier relationships
- Increased data and transparency from suppliers

Link to principal risks

- Macroeconomic volatility
- Disruption to end-to-end supply chain

Investors

Why it's important to engage

As a publicly listed company, we need to provide fair, balanced and understandable information to instil trust and confidence and allow informed investment decisions to be made.

What matters to them?

- Value creation opportunities and long-term sustainable growth
- Appropriate ESG practices that help manage risk, create value and align with evolving regulatory and societal expectations

How we engage

- Regular reporting, including through our Annual Report and Accounts
- Our Annual General Meeting
- One-on-one meetings with our largest shareholders
- Dedicated investment events spotlighting specific areas of our business, with presentations published on our corporate website
- A dedicated investor relations mailbox where shareholders of any size can contact the team and receive a response
- Ongoing dialogue outside the reporting cycle

Outcomes of engagement

- A stable, diversified and engaged shareholder base
- Well-managed market expectations, reducing volatility in the share price
- Greater understanding of the Halfords business and value drivers

Link to principal risks

- Macroeconomic volatility
- Regulatory and compliance

Communities

Why it's important to engage

Engaging with communities is the right thing to do. It encourages brand advocacy, loyalty, and ensures continued viability of the business in the long term. We aim to contribute positively to the communities in which we operate.

What matters to them?

- A brand which contributes to the community and provides local employment opportunities
- Sustainable and responsible practices
- Charitable giving

How we engage

- Continued partnership with Drake Hall prison, where we run a cycle training academy for women prisoners, giving them the opportunity to learn new skills with prospects for future employment
- Raising awareness amongst female students through events at technical colleges across the UK. This showcases women in technical roles, and the diverse and engaging work that our female colleagues perform in their roles
- Partnered with a leading sustainable transport organisation, Sustrans, who surveyed over 1,000 children across the UK to better understand the barriers preventing them and their families from travelling actively

Outcomes of engagement

- Engagement with local communities through charity initiatives
- Influencing government active travel policy broadening opportunities for our customers to recycle

Link to principal risks

- Culture / colleague engagement and skills
- Customer proposition and relevance

SECTION 172(1) STATEMENT

Engaging with stakeholders delivers better outcomes for our business, fundamental to our long-term success.

Our approach

As referenced in the Corporate Governance report on page 126, this section describes how the Directors consider the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006 (the "Act").

In July 2019, the UK Corporate Governance Code reinforced the importance of Section 172(1) of the Act which requires the Directors to consider (amongst other matters) the interests of all stakeholders, including:

- The likely consequences of decisions in the long term.
- The interests of the Company's workforce.
- The need to foster relationships with suppliers, customers and others.
- The impact of operations on the community.
- The high standards of business conduct.
- The need to act fairly between members of the Company.

BOARD INFORMATION ▶ **STRATEGIC CONSIDERATIONS** ▶ **BOARD DECISION MAKING**

Keeping the Board informed

- Leadership and management receive training on Directors' duties to ensure awareness of the Board's responsibilities.
- Board minutes include an explanation of Section 172(1) factors and relevant information relating to them.
- Our Board continually engages with stakeholders.

Section 172(1) and the Company's strategy

- Section 172(1) factors considered in the Board's discussions on strategy.
- Chair ensures decision-making is sufficiently informed by Section 172(1) factors.

Outcomes of considering Section 172(1)

- Outcomes of decisions assessed and further engagement and dialogue.
- Actions taken as a result of Board engagement.
- Actions align with our culture.

Section 172(1) statement

FUSION INVESTORS EVENT

Halfords hosted a Fusion Spotlight event for investors.

Section 172(1) consideration

Investors – Representatives from some of Halfords' large investors attended a spotlight event describing the Fusion programme and its results. This was followed by a walk through of a customer journey starting in the car park of our Milton Keynes store where a ten point check was completed on a vehicle, the need for replacement tyres was identified, and the customer's car was booked into the Bletchley garage. The visit concluded in the Bletchley garage with a demonstration of how the job surfaced on our integrated systems and where we had opportunities to sell Premium Halfords Motoring Club membership. This event provided investors with deeper insight into a key programme to deliver enhanced profitability in the coming years.

Section 172(1) statement

TYRESAFE RETAILER OF THE YEAR AWARD

In June 2024, Halfords was awarded Retailer of the Year by the UK's leading tyre safety charity.

This is a testament to our mission of supporting a lifetime of motoring and our dedication to making our customers and roads safer.

A significant part of the strategy has been providing free pothole damage checks. This has seen us work closely with National Highways and TyreSafe to support the 'safe systems approach' to road safety which focuses on safer roads, vehicles and drivers.

Our sustained commitment has led to thousands of vehicle repairs, increased government engagement, and tangible improvements in public understanding with the award judges identifying us a standout partner for TyreSafe and a deserving award winner.

Section 172(1) consideration

Media – Our work in this area made Halfords the most appropriate venue for Prime Minister Keir Starmer to launch the Plan for Change on Potholes, which committed £1.6 billion to local authorities, enough to fill seven million extra potholes.

Customers and Communities – Our efforts are helping to highlight that worn tyres are just as dangerous as mobile phone use or drink driving, bringing the issue into the public safety spotlight alongside the 'Fatal 4' (drink driving, speeding, seatbelt usage and mobile phone distraction) road risks.

Government – Working with the Department for Transport has led to Halfords' inclusion in several Government press notices in the past 12 months.

Section 172(1) statement

DIALOGUE WITH GOVERNMENT ON E-BIKE LEGISLATION AND CONSULTATIONS ON EV POLICY

Section 172(1) consideration

Government – As well as engagement on the automobile sector, the cycling division has been in constant dialogue with key political and policy stakeholders, culminating in a roundtable meeting and site visit with Active Travel Minister Simon Lightwood MP in December 2024. Halfords took the opportunity to reiterate its desire to see legislation brought forward surrounding e-bikes as part of a wider active travel strategy.

This year, we also responded to a series of Government consultations on policy that could materially impact our business. Submissions were provided to the Department for Business and Trade in response to the Industrial Strategy consultation, launched in October 2024. Our response focused on the EV transition, in particular closing the EV skills gap to help the Government deliver on its growth plans.

In addition to the Industrial Strategy consultation, we responded to the Department for Transport's inquiry on phasing out new internal combustion engine cars and supporting the transition to zero emissions vehicles. Our central calls were for greater Government support for the aftersale market, consideration of the current phase out of sales of new Hybrid and Plug-In Hybrid electric cars, and greater support for vans to transition to zero emission vehicles.

ESG INTRODUCTION

I am particularly excited to introduce our Environmental, Social, and Governance ("ESG") report this year, as it marks the launch of our more expansive and ambitious ESG strategy. With a broader focus and deeper integration across our operations, this strategy is a crucial step in advancing our mission to inspire and support a lifetime of motoring and cycling.

Our ESG strategy encompasses a series of goals and strategic objectives designed to drive meaningful progress across our business. We want to minimise adverse environmental and social impacts throughout our value chain, extend our offering of products and services that support the low carbon economy and build a more inclusive and diverse culture that welcomes all customers and where our colleagues thrive.

We are committed to embedding ESG into the delivery of our corporate strategy through investing in our colleague capability, leading and differentiating in our markets and embedding operational efficiency to enable investment.

As we embark on this journey, I am enthusiastic about overseeing the progress we make that will drive our company forward but also contribute positively to our communities and environment.

TANVI GOKHALE
Chair of the ESG Committee

Our ESG goals

Planet

Achieve net zero greenhouse gas emissions, build our resilience to climate change and minimise environmental impacts across our value chain.

Read more on pages 42 to 45

Proposition

Provide products and services that support our customers' transition to more sustainable motoring and cycling.

Read more on pages 46 and 47

People

Build a more inclusive and diverse culture that welcomes all customers and where colleagues thrive. Support charitable organisations and local communities to make motoring more sustainable and get more people cycling.

Read more on pages 48 to 50

Our approach to ESG

As we developed our new ESG strategy, we undertook workshops with representatives from all our relevant business functions to determine the ESG factors most important to our business. This exercise was supported by external sustainability experts, with the impacts on business performance, resilience and reputation considered as well as our impact on the environment and stakeholders throughout our value chain.

Using this approach, we have built our ESG strategy to cover the following areas:

Planet

- Net zero emissions
- Climate resilience
- Packaging
- Responsible sourcing

Proposition

- More sustainable mobility
- Circular solutions

People

- Inclusive and responsible culture
- Charity and community

How we report on ESG

To reflect our new approach, we have changed the way we report on ESG matters to align with the framework of our strategy. We outline the strategic objectives we have created to achieve our three ESG goals within their respective sections. Our ESG information is now structured as follows:

- **Planet** – provides details on how we are reducing greenhouse gas emissions, building climate resilience, offering more sustainable packaging and sourcing responsibly. See pages 42 to 45. We report our Climate-related Financial Disclosures on pages 53 to 59.
- **Proposition** – here we expand on our work to deliver more sustainable mobility and grow the circular solutions available to our customers. See pages 46 and 47.
- **People** – provides information on the steps we are taking to build and retain a diverse and inclusive workforce, to support our colleagues' wellbeing and to give back and advocate for our communities. See pages 48 to 50.

This year, we have also begun integrating specific elements of climate risk and other ESG risks into the management of our other relevant principal risks. Read our Risk Management report on pages 60 to 68 to see how these risks are being mitigated and what we are prioritising.

Our ESG governance structure

The Board

Ultimately accountable for all ESG matters including strategy, goals and targets, policies, procedures, performance, disclosures and risk.

ESG Committee

Established by the Board and is responsible for overseeing our ESG strategy.

Audit Committee

Reviews the effectiveness of our risk management and our Climate-related Financial Disclosures.

ESG Steering Group

Accountable for the delivery of our ESG strategy and reporting, setting goals and strategic objectives, including those related to climate risks and opportunities. ESG Steering Group also regularly reviews and scrutinises our progress against these goals and objectives.

Risk Committee

Ensures that our climate-related risks are effectively managed through our risk management and internal controls.

▲ Reporting ▼ Informing

Planet

Our planet goal

Achieve net zero greenhouse gas emissions, build our resilience to climate change and minimise environmental impacts across our value chain.

Our strategic objectives are:

Net zero

- Reduce absolute Scope 1 and Scope 2 greenhouse gas emissions ("GHG") 42% by FY30 from a FY20 base year.
- Reduce absolute Scope 3 GHG emissions 25% by FY30 from a FY20 base year.
- Achieve Net Zero GHG emissions across our value chain by FY50.

Climate resilience

- Consider climate-related physical risks in strategic business decisions.

Packaging

- Set own-brand packaging requirements to minimise environmental impact and increase recyclability labelling.

Responsible sourcing

- Reduce potential risks from purchased goods and services across Halfords' global supply chain.

Reducing emissions to achieve net zero

Reducing our greenhouse gas emissions continues to be an essential part of our ESG strategy. As an industry leader in motoring and cycling, we have a significant role in delivering emission reductions in these sectors.

This year, our Scope 1 and 2 emissions are 32% lower than our FY20 baseline year but have increased compared to FY24, where they were 46% lower. This increase has been predominately driven by changes we have made to our decarbonisation approach through our new ESG strategy. To see our Scope 1 and 2 emission reduction performance in more detail, see page 43.

Our approach to reducing Scope 1 and 2 emissions is to prioritise initiatives that bring absolute reductions to our emissions with attractive paybacks and/or commercial drivers. This is why we have reduced the amount of renewable electricity we have purchased this year to offer more support to our new approach. Our case study covering investment in lithium-powered batteries for our vans on page 43 is a great demonstration of this approach in action.

In the next year, we will be prioritising the creation of our Scope 1 and 2 climate transition plan and continuing to implement our decarbonisation initiatives.

Scope 3 emissions data

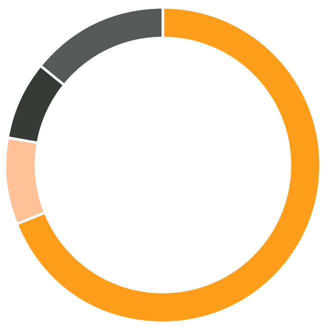
Our Scope 3 emissions represent a significant proportion of our GHG emissions with our latest Scope 3 footprint in FY23 indicating that it could be as high as 96% of our total emission footprint.

This year, we hosted our Asia supplier conference in Shanghai and held sessions covering ESG topics which included the importance of emission reduction in supply chains. Alongside this, we have supported suppliers to undertake emission identification and reporting as crucial first step towards decarbonising their own operations and value chain.

Our FY23 Scope 3 footprint shows that our emissions have decreased by 6% since our baseline year but to meet our targets, we know that more needs to be achieved.

This is why next year, we will also be prioritising the creation of our Scope 3 climate transition plan, beginning our supplier-specific decarbonisation programme and establishing the data processes required to ensure that we can calculate our latest Scope 3 emissions annually.

FY23 Scope 3 footprint



- Purchased goods and services **69%**
- Upstream transport and distribution **9%**
- Use of sold products (direct) **8%**
- Other **14%**

Our statutory emissions and energy data

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 introduced changes to require quoted companies to report their annual statutory emissions and an intensity ratio in their Directors' report. The 2018 Regulations bring in additional requirements to disclose annual energy use and GHG emissions, and related information.

We calculate our GHG emissions using the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We use the latest Department for Energy Security and Net Zero emission factors to calculate our statutory emissions.

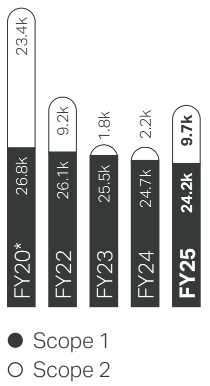
Data for previous years has been restated due to improvements in data capture methodologies, more accurate emission factors and the correction of historical data errors.

It was not practical to calculate the proportion of emissions generated and energy consumed in the UK compared to offshore areas.

Our 'statutory emissions' mean our Scope 1 and 2 emissions, and we use the market-based methodology to account for purchasing renewable electricity. The location-based method is provided for disclosure only.

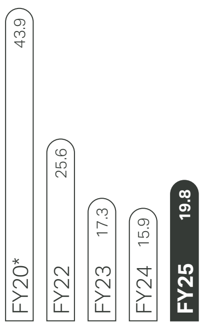
Total statutory emissions

tCO_2e



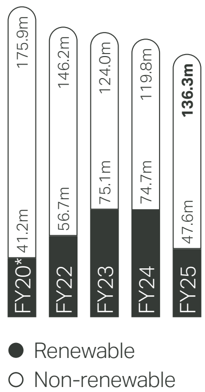
Statutory GHG emissions

tCO_2e per £m revenue



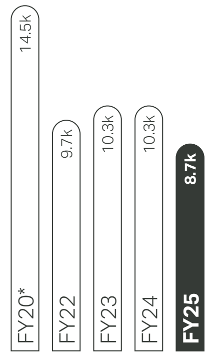
Energy source

kWh



Total measured Scope 2 GHG emissions

tCO_2e location-based



* FY20 (baseline year)

ELIMINATING ENGINE IDLING FOR OUR MOBILE EXPERTS

We are proud this year to have launched an industry-first lithium powered technology in our Halfords Mobile Expert van fleet.

This cutting-edge technology virtually eliminates engine idling while significantly reducing CO_2 emissions, noxious gases, and fuel consumption compared to conventional systems. This innovative investment in our fleet is the beginning of a phased roll-out and is an important step towards meeting our net zero targets and enhancing our operational sustainability.

30%

average reduction in fuel consumption

ESG
Planet

Climate resilience throughout our value chain

Building resilience to climate change is a vital aspect of our ESG strategy and to the longevity of our business. Many aspects of our business are intrinsically linked to weather conditions including maintaining our large property portfolio and diverse, global supply chains which are exposed to a variety of climate-related risks.

We created this strategic objective to drive understanding and integration of these risks into our planning so that we will be well placed to mitigate potential impacts ensuring our financial stability and operational continuity. This work will contribute significantly to integrating climate change and wider ESG risk management across the Group over the next year and beyond (see pages 60 to 68 for further details).

Minimising the impacts of our packaging

As a retailer with an extensive range of own-brand products, we recognise our responsibility to reduce the environmental impact of our packaging. We've made strong progress by increasing the recyclability of materials, moving to responsibly sourced cardboard, and significantly reducing both total plastic use and virgin plastic content. Our strategic objective for packaging builds on this foundation and sets a clear path toward more ambitious results.

We have made significant progress this year by introducing, or actively transitioning to, responsibly sourced card for 60% of our own-brand product sales. Specifically, this means the card contains recycled content or is sourced from FSC or PEFC certified forests. Across our own-brand packaging range, we have also eliminated another 2.8 million individual plastic components and introduced a minimum of 30% post-consumer recycled content in over 2.3 million plastic components. These actions have led to the removal of more than 63 tonnes of virgin plastic from our packaging.

Looking ahead, we are focused on embedding sustainable packaging practices into every stage of product development and onboarding. By the end of FY26, our goal is to reach 90% responsibly sourced card for own-brand packaging and reduce our use of virgin plastic further.

Buying better through responsible sourcing

This year, almost half of our revenue has come from retail products sourced from 49 different countries, which is why responsible sourcing is such a challenging but important aspect of our business for all our stakeholders. Creating our strategic objective for responsible sourcing supports the continued fostering of long-term relationships with suppliers, the delivery of our ESG strategy and wider business goals, and the maintenance of our competitive edge in the market.

This year, we increased the number of suppliers committed to our Halfords Global Sourcing Code to over 90% of our spend across our garage and retail ranges. This has helped reinforce our commitment to respecting human rights and aligning with international frameworks such as the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The Code sets out the minimum standards we expect from our suppliers and requires them to uphold similar expectations across their own supply chains. Our Global Sourcing Code can be accessed at **www.halfordscompany.com/environment-social-and-governance/supply-chain-ethics/**.

We maintained strong supplier participation in our EcoVadis sustainability ratings programme, with a focus on continuous improvement. We supported our lowest-scoring suppliers with corrective action plans. As a result, 79% of these lowest-scoring suppliers improved, with 36% surpassing the industry benchmark. Overall, 58% of our suppliers increased their score compared to their previous performance. Next year, we will continue to prioritise supplier score improvements and continue to elevate the importance of ESG performance into sourcing decisions. We will also continue to work closely with low-performing suppliers to support measurable progress.

We have strengthened our supply chain risk management by ensuring all factories previously deemed to be in a high-risk region have undergone a risk methodology change. We have utilised a third party risk assessment program to determine frequency of audit. This independent tool enables us to determine audit frequency based on an objective, credible methodology

In FY26 we will expand our own-brand factory auditing programme beyond our current Asia focus to include all regions. Factories previously considered low-risk based on location are now being assessed through the same external tool, ensuring consistent, risk-based due diligence across our global supply chain. Once this process is fully embedded, we will begin scoping Tier 2 own-brand factories for inclusion in the system, further strengthening supply chain oversight.


halfords
12V Calcium Car Battery
4 YEAR GUARANTEE
HCB 110
SKYTEC Ninja Lite

Proposition

Our proposition goal

Provide products and services that support our customers' transition to more sustainable motoring and cycling.

Our strategic objectives are:

More sustainable mobility

- Become the industry leader in the electric vehicle aftermarket and e-bike repair and sales.
- Maximise opportunities to improve the vehicle efficiency of the ageing UK car parc.

Circular solutions as standard

- Leverage circular economy principles as a disruptive selling model, enabling our customers to minimise waste and save money.

Offering solutions for more sustainable mobility

As a leading provider of motoring and cycling products and services, promoting sustainable mobility is essential for reducing our environmental footprint and supporting our customers to do the same.

Leading our industry through the electrification of transport continues to be an important part of our approach, but refreshing our ESG strategy has helped us identify broader opportunities to lower motoring emissions. We will share further information on these opportunities as we begin to deliver them, but directionally, we aim to inspire and support our customers to make purchases that aid the efficiency and longevity of their vehicles.

We are continuing to enhance our electric vehicle servicing capacity through the expansion of our Fusion garage network and our mobile fleet. These initiatives are helping us meet the increasing demand, particularly from commercial fleets, ensuring we can provide efficient and comprehensive EV servicing solutions.

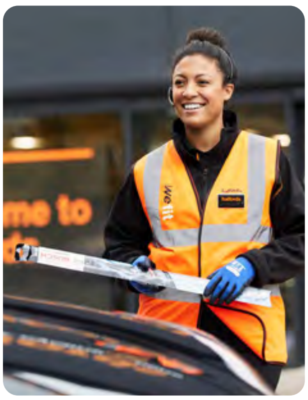
We also recognise the need to expand and enhance our EV training programs to meet the demands of the electrification transition. This year, we have successfully supported 175 colleagues in achieving their Hybrid Level 3 qualification. Additionally, we have continued our T4 Technician Development Programme which is enabling us to offer more advanced repair, diagnostic and calibration across the latest EVs.

We are also focusing on supporting the growth of the e-bike sector, as this mode of cycling represents 27% of new bikes sold in Europe compared to 9% in the UK. A strong e-bike market can help reduce UK transport emissions and support a more diverse cycling market by encouraging new cyclists who might not have otherwise engaged in this mode of transport.

In FY25, we launched 17 new e-bike products and sponsored E-bike Summit, an industry event that aims to facilitate significant partnerships to drive growth in both e-bike sales and adoption.

BROADENING OPPORTUNITIES FOR OUR CUSTOMERS TO RECYCLE

Our recycling partnerships have led to a 60% increase in wiper blades collected by Halfords for recycling this year.



The wiper blades will be processed with over 70% recycling rates, and the remaining material captured for incineration with energy recovery. This is an improvement on the previous process where wiper blades were placed in general waste. We will be continuing to expand this programme with a focus on a broader range of high volume motoring products in FY26.

This year, we have also developed our recycling programme to capture inner tubes. We have collected 160,000 inner tubes, and are working with Schwalbe Tyres UK, our manufacturing partner, to put these materials back into the manufacturing process. This creates a circular use of material and is a significant step forward from previous processes where the tubes were placed in general waste.

500,000
wiper blades

160,000
inner tubes

We have supported the Office for Product Safety Standards in their work to combat the safety risks of grey market sellers providing lower quality products and also behavioural challenges if those products allow users to operate the product without pedalling (electric motorbikes).

In FY26, we will continue supporting the e-bike market development by working with the Bicycle Association to further endorse our products as meeting best practice. Additionally, we will carry on working with industry peers via the E-bike Positive campaign to champion quality products and improve consumer awareness. We want to inspire confidence among consumers and organisations in the role that high quality e-bike products can play in society.

Making circular solutions standard

Across our extensive network, we manage millions of repairs each year, significantly contributing to durability and longevity within the motoring and cycling sectors. Our strategic objective for circular solutions aims to leverage our extensive repair activity and expertise and our well established Halfords Motoring Club to introduce more circular economy principles into how we sell our products and services. We are excited to share further information on these opportunities as we begin to deliver them.

What has continued this year, is our commitment to minimising the impact of waste on the environment and implementing more circular waste management. Our case study covering our wiper blade and inner tube recycling partnership on page 46 is a great demonstration of this in action.

Our FY25 waste volumes were relatively flat with a 1% increase to 48,145 tonnes compared to last year. Our recycling rates have increased by 5% compared to FY24 with greater levels of recycling for motor batteries, card and motor oils all contributing to this improvement. We have maintained under 0.1% use of landfill as well as diverting over 200 tonnes of wiper blades and inner tubes from landfill to recycling streams.

Further to our waste management improvements, we also increased our supply chain transparency, with 60 subcontractors removed in favour of direct partnerships. This approach ensures we know where waste is being processed which is especially important for materials that are a cost to dispose of such as tyres, which make up over 50% of our waste by weight.

Group waste data

People

Our people goal

Build a more inclusive and diverse culture that welcomes all customers and where colleagues thrive. Support charitable organisations and local communities to make motoring more sustainable and get more people cycling.

Our strategic objectives are:

Inclusive and responsible culture

- Build a more diverse organisation that reflects our customers and communities.
- Embrace a diverse workforce, enhance our understanding of diverse communities, and promote a sense of inclusion and belonging.
- Promote a culture that supports our colleagues to be happy and healthy through a proactive and holistic approach to wellbeing at Halfords.

Charity and community

- Support colleagues to fundraise and volunteer for motoring, cycling, and inclusive charities both locally and nationally.
- Use our influence to advocate for policies that promote active travel and sustainable mobility.

Building a diverse organisation fit for the future

We are a business that is proud to serve our diverse communities. We recognise that by building a diverse organisation, we can meet the varied needs of our customers more effectively, embrace our colleague population, and continue to support inclusion.

Improving gender balance continues to be an essential part of our ESG strategy. We have committed to achieving a 30% female representation in management positions by 2030 and are aiming for a 30% female representation across our whole business by 2035. Our most recent gender pay gap reporting shows we have reduced our median gender pay gap to 2.6% compared to 6.3% last year. This remains significantly below the national median of approximately 13%. We have achieved this improvement by introducing more female representation in higher paid, more senior roles. We will continue to prioritise gender diversity particularly within our Autocentres business, striving to set industry standards with exceptional diversity and inclusion practices. Our goal is to lead by example and create a workplace where everyone can thrive.

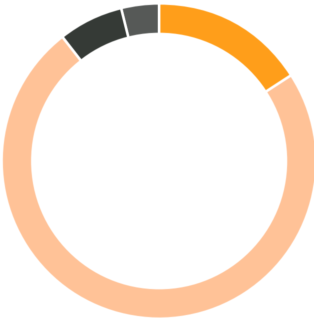
In the coming year, we aim to continue strengthening our EDI people data to support us in taking meaningful action and deepen our understanding of our colleagues. We recognise there are many aspects that contribute to the make-up of our people outside of generic monitoring categories. We strive to spot opportunities across overlapping identities and experiences so that we can continue to improve our understanding of diverse communities and promote a sense of inclusion and belonging.

We also want to evolve our internal leadership development programmes to address gaps in EDI awareness.

Enhancing our recruitment processes to be more inclusive is also a priority and we are aiming to do this through streamlining our systems, providing inclusive hiring training, and providing a more personalised feel for future candidates and colleagues.

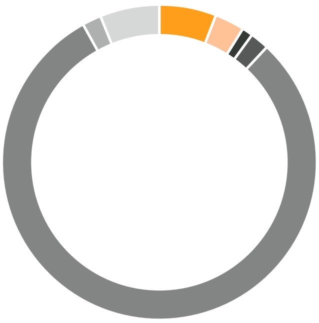
Group diversity and inclusion data

Gender



- Female **16.5%**
- Male **77.1%**
- Other **1.4%**
- Prefer not to say **5.0%**

Ethnicity



- Asian or Asian British **6.0%**
- Black/Black African/Black Caribbean/ Black Other **2.7%**
- Mixed or Multiple Ethnic Heritage **2.7%**
- White/Caucasian/White other **82.9%**
- Any other ethnic group **1.1%**
- Prefer not to say **4.6%**

BUILDING A MORE INCLUSIVE AND DIVERSE AUTOMOTIVE INDUSTRY

We were delighted to see Karen Bellairs, Managing Director for Garages, join the 'Automotive 30% Club' as a Patron Member this year.

Joining the Automotive 30% Club as a gold member means we have committed to supporting initiatives aimed at increasing the representation of women in leadership roles to 30% by 2030 in the automotive industry. This was a proud moment for our business and supports our commitments to female representation and creating a more inclusive workplace where women can thrive and advance in a sector where they have been historically underrepresented.

Cultivating belonging and inclusivity

It is essential that we support our colleagues to feel valued and empowered so that they can contribute their best to Halfords and ultimately our customers.

Our latest colleague engagement survey was widely participated in with 95% of colleagues sharing their perspectives. 75% of those colleagues said they were feeling highly engaged and we believe we can harness this excellent foundation to drive company-wide progress towards achieving our strategic objectives.

We were pleased to see that 87% of our colleagues feel that they can be themselves at work. This is a strong indicator of inclusion and belonging that we want to maintain whilst simultaneously increasing colleague diversity.

The relaunch of our four Colleague Network Groups (LGBTQIA+, Race, Ethnicity, Religion or Belief, Neurodiversity and Disability, and Gender Balance) has successfully increased celebration, inclusion, and belonging with a varied and thoughtful EDI and wellbeing programme of events throughout the year.

Next year, the focus is to strengthen the alignment of outcomes from the groups with projects such as process or policy change, education, as well as more regular qualitative feedback through listening groups and other mechanisms with the Executive Team.

Supporting our colleagues' health and happiness

Fostering a positive work environment is vital to our business as it directly impacts productivity, engagement, and job satisfaction. It is also essential for attracting and retaining talent enabling us to thrive and deliver exceptional service to our customers.

74% of colleagues stated they actively seek ways to support their wellbeing and know what Halfords offers as support for them.

We have established various initiatives that are well utilised such as our Employee Assistance Programme, Mental Health First Aiders, "Here to Help" Fund and Wagestream. We have completed several pilots this year including tailored training and nutrition programmes. These pilots have shown us that there are further opportunities to support our colleagues' physical and financial health, in addition to our more established current mental health offering.

Highlights from our employee engagement survey

The figures below provide a snapshot of some of the key results from our colleague engagement survey.

75%
of colleagues told us they are highly engaged

87%
of colleagues said they feel they can be themselves at work

78%
of colleagues said there are opportunities to grow and learn

82%
of colleagues said their leaders display Halfords Leadership Behaviours often

Next year, we aim to build upon these initiatives through the introduction of more proactive and personalised options to provide extra education, drive, and support to our colleagues at any stage of life.

Championing the causes that matter most to Halfords

Aligning our charitable and community efforts to our brand mission has always been important to our business. We have been proud to support a variety of initiatives including our corporate charity partner MIND and our cycling specific partnerships like the Halfords Academy at HMP Drake Hall.

Next year, we're looking at further defining our charity and community approach. We'll be exploring the opportunities where we can work with local communities and expand our goal of accessibility to cycling to include underrepresented communities.

We want to do this so that we can set more ambitious fundraising goals that empower our teams to lead activities that drives donations to our national and local charity partners.

To empower our teams, we want to introduce a forum where passionate colleagues are centrally supported to drive our charity efforts in every corner of Halfords.

As the UK's largest cycling retailer that wants to inspire and support a lifetime of cycling, it was important for us to create a strategic objective to use our influence to advocate for policies that promote active travel and sustainable mobility.

We have participated in industry efforts via the All Party Parliamentary Group for Cycling and Walking and the Bicycle Association membership to advocate for policy changes on behalf of the cyclist community.

We have also recently hit a milestone in our partnership with HMP Drakehall, a low-security prison for women which has resulted in Halfords employing over 30 women into the business as cycle technicians.

We have developed a successful partnership with Sustrans this year through the launch of the Children's Walking and Cycling Index. More detail on the Index is located in the case study below. Building on what we've achieved this year, we will be supporting the Sustrans' event in FY26 to deliver 'The Children's Walking and Cycling Summit' – an event that will bring together children and decision-makers within the transport sector to present a series of recommendations to government to tackle the barriers presented in the index.

LAUNCHING THE FIRST UK CHILDREN'S WALKING AND CYCLING INDEX

We partnered with a leading sustainable charity organisation, Sustrans, who surveyed over 1,000 children across the UK to better understand the barriers preventing them and their families from travelling actively.

We want to combat declining numbers of children cycling and increase the opportunities for children to learn important life skills and have access to cycling's physical and mental health benefits.

We hope the findings identified in the Children's Walking and Cycling Index will be timely support for transport decision-makers to influence future policy, during a time where the UK cycling and walking investment strategy is being updated.

See the Index here – **www.sustrans.org.uk/the-walking-and-cycling-index/childrens-walking-and-cycling-index/**

51%

of children want to cycle more

81%

of children want more traffic-free routes for walking and cycling

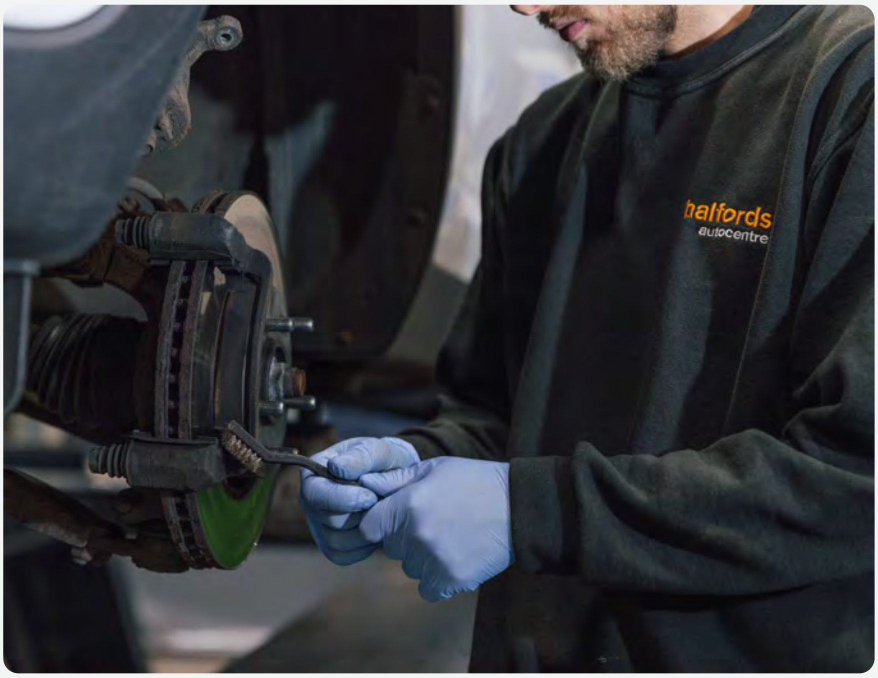
HEALTH AND SAFETY

Leading with a culture of safety

At Halfords we are committed to ensuring the health, safety and wellbeing of our colleagues, customers, contractors and the general public as a matter of priority.

In recognition of the integral role played by health and safety in a high performing organisation, we lead and operate with a culture of safety first in everything we do. This year, to further prioritise health and safety, it has been introduced as a new principal risk to our business. More information on how we mitigate this risk and our priorities for FY26 in this area is located on page 68.

A commitment to health and safety is a condition of employment and this ethos is rigorously applied across the Group via our health and safety policy. We set clear expectations for how colleagues should conduct their duties in a safe and healthy manner, while showing care for the wellbeing of all stakeholders with whom we interact.



Our health and safety governance

The Board

Ultimately accountable for achieving safety excellence including matters relating to our goals and targets, policies, procedures, performance, disclosures and risks.

Health and safety Steering Group

Receives regular updates on policies and procedures, plans, performance and appropriate actions required to ensure any potential risks are minimised and mitigated to both a sufficient and acceptable level.

Operational Boards

Ensuring that health and safety goals and targets are effectively communicated, and sufficient resources are made available to support with performance improvements.

Reporting
Informing

HEALTH AND SAFETY

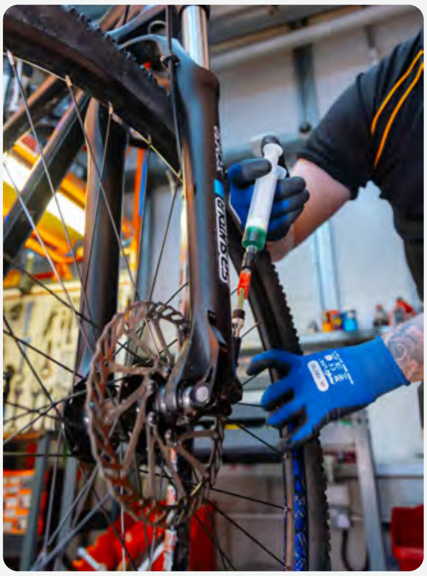
Managing risk

Some of our operations involve higher risk activities for our colleagues. Our approach focuses on eliminating hazards at origin, cautiously planning and designing our activities, conducting risk assessments to identify hazards, managing risks and investing in areas for improvement. A hierarchy of control approach is followed, with the preferred control being to eliminate the risk at source. We monitor progress against our ambition and metrics using data analytics and partner with key stakeholders to develop innovative technical solutions and work methods to mitigate or remediate issues as they are identified. Our event management protocols are embedded throughout all sites to effectively manage any safety situations should they arise.

In FY25 we have begun to undertake a significant upgrade of our internal safety audit programme and have physically audited a third of our locations in the first 4 months of implementation. We have also completed over 100,000 individual safety checks to ensure that work equipment, site conditions and colleague training comply with our rigorous safety standards.

While significant progress has been made, we regret to report that two colleagues in our higher-risk Commercial Fleet Services business lost their lives this year, and we extend our heartfelt sympathies to their families, friends and teammates.

The Group independently investigates all accidents, incidents and safety concerns to remedy potential shortfalls and prevent future occurrences. The findings of these investigations are regularly communicated through the organisation and shared with the wider industry in support of our goal to prevent future loss or harm through lessons learned. The Group uses internal KPIs such as Event Frequency Rate ("EFR") and Visible Safety Leadership visits to further drive performance.



Promoting our safety culture

At Halfords we believe the behaviour of our leaders is the most significant factor influencing the behaviour of our broader workforce and consequently determines the likelihood of incidents and accidents occurring. Visible Safety Leadership ("VSL") enables leaders to visibly demonstrate their commitment to ensuring that colleagues are operating in a safe and healthy manner.

VSL enables our colleagues to 'see' and 'feel' the importance of safety through regular engagement, and via practical 'on the job' discussions with our management teams. On VSL tours, leaders are exposed to safe behaviours and express praise for positive practices observed. Leaders view our operations through a different lens and as such can proactively:

- Experience our colleagues' daily tasks first-hand.
- Discuss safety concerns with colleagues in an open environment.
- Help to devise and agree safer and more efficient solutions:
- Empower colleagues to operate without jeopardising their personal safety; and,
- Reaffirm and visibly demonstrate that we care.

In FY25, 80% of our sites received a VSL visit with more than 4,000 safety conversations recorded to identify improvements in health and safety.

Driving excellence in safety

We provide a comprehensive training offer to colleagues using both in-house and specialist trainers, including on-the-job programmes, technology-based solutions and face-to-face courses, which enable us to deliver content that is relevant, practical and clearly understood by all colleagues. Our frontline leadership and senior management development programmes include strategic safety modules to ensure our commitment to safety is embedded at all levels of the business. In FY25, we increased our front-line health and safety training hours by 144% with colleagues trained on a wide range of health and safety topics based on needs, specific risks and individual technological upgrades in their place of work.

With effective training, behavioural-based safety processes and continued development and integration of data analytics into safety management systems, we are actively reducing risks in our business. Receiving the RoSPA Gold Award for Health and Safety this year underscores our unwavering commitment to driving excellence in workplace safety.

Customer safety

Our customers trust us to deliver safe, high quality products. All our products are designed and manufactured to be safe for their intended use. We work closely with regulators, standard setting agencies and academic institutions to improve the safety standards of our products and services. To reinforce safety across our operations, we share safety information, such as safety data sheets and product declarations, with our customers, and closely monitor customer feedback. Our commitment to product safety, alongside our strong safety performance, has supported our efforts to win clients who themselves place a strong emphasis on high standards of safety within their own business.

CLIMATE-RELATED FINANCIAL DISCLOSURES

We have continued identifying, assessing and managing our climate-related risks and opportunities through our climate-related governance, strategy, risk management, and metrics and targets. We have aligned our disclosures with the requirements of UKLR 6.6.6(8) and the reporting requirements under sections 414CA and 414CB of the Companies Act 2006. The following disclosures are compliant with the recommendations of the Taskforce on Climate Related Financial Disclosure ("TCFD").

Governance

Recommendation – Disclose the organisation's governance around climate-related risks and opportunities

Recommended disclosure

A) Describe the Board's oversight of climate-related risks and opportunities.

Summary

- The Board maintains overall accountability for directing our corporate strategy, which is supported by the goals and objectives set in our new ESG strategy which addresses climate-related risks and opportunities.
- Oversight of the ESG strategy has been delegated to the Board-established ESG Committee. The strategy includes climate resilience objectives and targets aimed at minimising our exposure to climate-related risks and maximising our climate-related opportunities.
- The ESG Committee is comprised of three Non-Executive Directors, and is regularly attended by our Chief Executive Officer, Chief Financial Officer and other members of the Executive Team. The Committee offers advice and guidance to the business based on a wealth of experience.
- This year, the ESG Committee met twice. In the first meeting, they guided the enhancements we have made to our ESG governance structure which includes measures designed to improve the management of climate-related issues.
- In the second meeting, the Committee reviewed and advised on the development of our new ESG strategy which includes targets and plans to manage our climate-related risks and opportunities.

Reference

Further information covering how our ESG strategy supports our corporate strategy aims can be found in our ESG introduction on page 40 and within the wider ESG section on pages 42 to 50.

Recommended disclosure

B) Describe management's role in assessing and managing climate-related risks and opportunities.

Summary

- Our ESG governance structure has been designed to ensure that climate-related risks and opportunities are evaluated and managed at the appropriate level. and area of our business. The Board has assigned responsibility for climate-related matters to the following Committees which have met at least four times this year:
  - The ESG Steering Group is accountable for the delivery of our new ESG strategy which means ensuring our climate-related risks and opportunities are assessed and managed and that we are progressing against our climate-related objectives and targets.
  - The Audit Committee reviews the effectiveness of our risk management and our climate-related financial disclosures.
  - The Risk Committee supports the Group in identifying and assessing climate-related risks and opportunities.

Reference

Our ESG and climate governance structure is shown on page 41.

Our climate-related objectives are explained further on page 44.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Strategy
Recommendation – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended disclosure

A) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Summary

- We continue to use these timeframes when considering our climate-related risks and opportunities: short term (5 years), medium term (6-10 years) and long term (10 years and beyond). Our short-term period aligns with our five-year financial plan and our ESG strategic objectives. Our medium and long-term time periods align with our broader ESG strategy, which includes our emission reduction targets and forthcoming climate transition plans.
- We have undertaken a cross-functional exercise to identify our climate-related risk and opportunity hotspots. These climate-related risks and opportunities are described below.

Description	Categorisation
Transition	
The UK Government's ban on the sale of new petrol / diesel vehicles by 2030	• Political and regulatory driven climate trend with a medium to long-term impact. • This policy will necessitate a change in the products and services we offer and represents both risk (reduced demand for maintenance-related products and services for combustion engines) and opportunity (increased electric vehicle servicing) for our business.
Consumers increasingly looking for more sustainable products and services	• Market driven climate trend with a short to medium-term impact. • If we fail to respond to changing customer demand, it could lead to a reduction in brand consideration, market position and revenue. However, this also creates an opportunity to leverage our extensive repair activity and expertise to introduce more circular economy principles into how we sell our products and services.
Physical	
Increased severity of extreme weather events and more pronounced chronic climate risks	• Acute and chronic climate risk with a medium to long-term impact. • Disruption to our supply chains, operations or customers could all contribute to a reduction in revenue through an inability to fulfil orders.
Milder and wetter UK winters and hotter, drier summers.	• Chronic climate trend with a medium to long-term impact. • Some product sales are heavily reliant on cold weather. A trend of milder, wetter winters could adversely impact demand for products such as car cleaning, batteries and de-icer. Hot and dry summers offer an opportunity to our business and have helped to increase sales in ranges such as camping and cycling in the past.

Strategy	
Recommendation – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	

Recommended disclosure

B) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Summary	Reference
• When refreshing our ESG strategy this year, we ensured that all key climate-related risks and opportunities were included in the objectives and targets within the strategy. • We have made sure that where applicable, our climate-related risks and opportunities align with the relevant aims of the wider corporate strategy too. • Within our five-year financial planning process, we include the impact of climate-related issues. • As part of our transition plan development in FY26 we will be incorporating more specific financial forecasting to better support strategic decision-making for the delivery of our emission reduction targets. • The expenditure required to accelerate our Scope 3 emission reduction programme was also factored into our financial planning and will be further refined as we continue to develop our transition plans. • As part of our climate resilience strategic objective, we have dedicated resource in FY26 to expand the assessment of climate change risks in our supply chain. • In support of our more sustainable mobility strategic objective, we are continuing to invest in broadening the EV servicing available in our garages and are starting to introduce EV servicing capability to our mobile vans in FY26.	Further information on how the management of climate issues aligns with our corporate strategy can be found on page 40. Our climate-related objectives are explained further on page 44.

Recommended disclosure

C) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Summary	Reference
• We have carried out qualitative scenario analysis covering four climate-related risks and opportunities to explore the potential range of climate-related outcomes and financial impacts to our business. • In alignment with the CFD recommendations, 1.5°C, <2°C, 2-3°C and 4°C pathways were analysed using the time horizons 2030 and 2050. (Note: 1.5°C scenario was only for transition risks and 4°C scenario was only for physical risks.) • We selected the Future Energy Scenarios 2021 from the National Grid to model transition risks relating to our motoring business, as these scenarios account for the characteristics of the UK's transportation system and reflect the forthcoming ban of new petrol/diesel cars in the UK. • For physical risks, we utilised the IPCC's Shared Socioeconomic Pathways ("SSP") scenarios to model chronic and acute physical risks for a selection of Halfords sites and those of key suppliers. • We will also be expanding our physical climate risk modelling over the coming years to support with incorporating climate change risk identification and management into our sourcing processes.	For more information on the assumptions included in our transitional climate scenario analysis pathway, see: **www.neso.energy/publications/future-energy-scenarios-fes/fes-documents**

CLIMATE-RELATED FINANCIAL DISCLOSURES

	Potential effects on our business	Our response
Transitional		
Lower demand for our products and services due to the transition to electric vehicles	• Our modelling, especially in the 1.5°C scenario, indicates a potential decrease in demand for motoring services, driven by reduced servicing activity associated with electric vehicles ("EVs") compared to the internal combustion engine ("ICE") vehicles that currently are the prevailing vehicle type in our service portfolio. • The modelling also indicated potential reductions in motoring product revenues driven by the assumption that we will be selling fewer maintenance-related products for EVs compared with ICE vehicles. • Our projected reduction in servicing activities for electric vehicles did not consider the potential to increase the volume of serviced vehicles due to reduced service turnaround times. Additionally, pricing for EV servicing may increase to reflect the specialist skills required for the maintenance of technology like advanced driver assistance systems. • Other revenue streams are likely to increase, such as batteries which more frequently fail on EVs than ICE vehicles and tyres due to the heavier degradation associated with EVs. • Whilst the change in composition of the car parc poses some risks to our current business, it also presents a number of opportunities.	• We are expanding our EV servicing capacity through our Fusion garage rollout and in our mobile fleet to accommodate growing demand, particularly from commercial fleets. • We closely match our Retail range to customer demand through our sales analytics, ensuring product coverage in the areas customers need. • Our differentiated business model encompassing both retail and autocentres, alongside our national footprint and experience in other forms of e-mobility including bikes and scooters, leave us well positioned to capitalise on the EV transition as it progresses.
Electric vehicle requiring different or enhanced technical skills	• As the number of EVs increases, so will the number of EV technicians required to maintain these vehicles. • In every scenario modelled, all servicing will be 100% electric by 2050 which demonstrates why it is crucial for our business to develop the depth of knowledge but also the capacity to meet growing demand across a broader range of EVs.	• We are continuing to expand and improve our EV training programmes and equipment investment. This year, we have supported 175 colleagues achieve their Hybrid Level 3 qualification and continued our T4 Technician Development Programme, which is enabling us to offer more advanced repair, diagnostic and calibration across the latest ranges of electric vehicles. • We have continued to invest in our apprenticeship scheme, with 150 new garage apprentices joining us this year. This is helping bring skills into the sector to meet the changing demands for new vehicles. • As the market leader in aftermarket servicing, maintenance and repair, we are using our influence to advocate for equality across our sector for access to EV vehicle diagnostic data, pricing and availability of parts and car manufacturers authorisation requirements to work on their vehicles. We believe that fair and equal access in these areas is an essential for ensuring that our sector has the skills and capacity it needs to support the transition to electric vehicles.

	Potential effects on our business	Our response
Physical		
Increased severity of extreme weather events and more pronounced chronic climate risks	• Our modelling showed that we face significant and diverse physical risks. Increased flooding in the UK and increased heat stress in Southeast Asia are our prominent risks. • Losing manufacturing output at a key supplier due to climate-related event could reduce our revenue by not fulfilling order demand. • Extreme weather could create safety risks to our employees and customers, damage our assets and increase our insurance premiums. • Our transport networks could also be disrupted, causing delays and reducing revenue.	• We are beginning to incorporate climate change risk identification and management into our sourcing processes. This will enable climate change risk to be considered as part of our sourcing decisions across a wider set of suppliers. • We will continue to maintain a geographically diverse sourcing approach to support resilience in our supplier base and ensure we are not dependent on any one location to source our products. • We are aiming to introduce climate change risk assessments for potential property acquisitions and key Halfords sites. This will help include climate risk information in our strategic decision making for our property portfolio.
Increasing temperatures and precipitation particularly in the winter season	• Climate change will cause hotter, longer summers and milder winters. Our modelling showed the negative impact to revenue that a mild winter can cause to our business but also demonstrated that we are able to capitalise on extended periods of warm weather through our product ranges such as cycling and camping.	• We are developing our product category plans to be more resilient to the impact of changing weather conditions. Part of this response is to be more agile in our sourcing approach to cold weather dependent products.

CLIMATE-RELATED FINANCIAL DISCLOSURES

Risk Management

Recommendation – Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended disclosure

A) Describe the organisation's processes for identifying and assessing climate-related risks.

Summary	Reference
• Climate-related risks and opportunities have been identified and assessed in detail through the scenario analysis we have completed. • Using 'top-down' risk processes the ESG Steering Group have assessed climate-related risks and opportunities across our value chain and incorporated them into our updated ESG strategy. • From the 'bottom-up' process, climate change risks have also been identified and assessed in our functional risk registers across the Group. • The Risk Committee has reviewed the output of these processes to help us estimate the likelihood and potential impact of the risks and opportunities identified.	We explain how we identify and manage our risks in our Risk Management report on pages 60 and 61. Our ESG strategy is explained further on pages 40 and 41.

Recommended disclosure

B) Describe the organisation's processes for managing climate-related risks.

Summary	Reference
• We have developed a new ESG strategy to contain objectives and targets which address all the climate-related risks and opportunities described in our Strategy disclosures. The ESG Steering Group is accountable for the delivery of the ESG strategy and are responsible for reporting progress to the ESG Committee. • As part of our Group Risk Management Framework, Operational Boards also consider climate change risks within their risk registers and how they apply risk management processes across their business functions.	See our Group Risk Management Framework on page 61.

Recommended disclosure

C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Summary	Reference
• This year, we have begun integrating specific elements of climate risk and other ESG risks into the management of our other relevant principal risks. These principal risks are: disruption to end to end supply chain, culture / colleague engagement and skills, regulatory and compliance and customer proposition and relevance. • We are continuing to use the Group risk management likelihood and impact criteria to support identification and assessment of climate-related risks and we believe this integration will support more effective and precise climate-related risk management across our business.	Read our Risk Management report on pages 60 to 68 to see how climate risk is being mitigated and what our priorities are.

Metrics and targets

Recommendation – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosure

A) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Summary

- We have disclosed the cross-industry TCFD metrics used to manage our climate-related risks and opportunities. These metrics cover:
  - Scope 1, 2 and 3 GHG emissions (pages 42 and 43) and;
  - Energy use (page 43).
- As the new ESG strategy comes into effect in FY26, we intend to utilise more climate-related metrics to support our climate risk and opportunity management.

Recommended disclosure

B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.

Summary

We have calculated our Scope 1 and 2 emissions for FY25:

- Scope 1: 24,185 tCO_2e.
- Scope 2 (market-based): 9,747 tCO_2e.
- Scope 2 (location-based): 8,742 tCO_2e.

Our latest Scope 3 footprint covers FY23 as we have since prioritised calculating a higher quality FY20 baseline year:

- Scope 3: 660,408 tCO_2e. (FY23)

In FY26 we intend to establish the data processes required to ensure that we can report our latest Scope 3 emissions annually.

Reference

A more detailed breakdown of our FY23 Scope 3 emissions is located on page 42.

Recommended disclosure

C) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Summary

- We have established objectives and targets that address our climate-related risks and opportunities through the development of our new ESG strategy and will be reporting progress against them.
- Our science-based targets are as follows:
  - Reduce absolute Scope 1 and Scope 2 GHG emissions by 42% by FY30 versus a FY20 base year.
  - Increase annual sourcing of renewable electricity to 100% by FY30 from 0% in FY20.
  - Reduce absolute Scope 3 GHG emissions from "Purchased Goods and Services", "Capital Goods" and "Upstream Transportation and Distribution" by 25% by FY30 from a FY20 base year.
- We have also committed to achieving Net Zero greenhouse gas emissions across all Scopes by FY50.

Reference

We explain our climate-related targets in the ESG Strategy section located on pages 42 to 44.

We detail our performance against our emission reduction targets on pages 42 and 43.

RISK MANAGEMENT

Risk management is intrinsic to the delivery of our purpose, which is "to inspire and support a lifetime of motoring and cycling".

Our approach to risk supports informed decision making by identifying, assessing, and responding effectively to threats and opportunities. The Board oversees the management of risk and the identification of principal risks and sets and monitors the appetite for risk in the pursuit of the Group's strategic objectives.

Risk management framework

The Audit Committee, on behalf of the Board, has responsibility for maintaining oversight of the Group's framework for risk management. The framework comprises the process for the identification, measurement, response, and continual monitoring and reporting of risk, informed by a 'top-down' and 'bottom-up' governance approach following the three lines model. Applying the risk management framework provides a clear perspective for the evaluation of risks and opportunities and emerging risks across all our operations.

Risk management governance

Board

- Responsible for risk management.
- Sets and annually reviews the risk appetite for the Group.
- Reviews recommendations from the Audit Committee and Executive Committee on risk governance and internal controls.

Audit Committee

- On behalf of the Board, has responsibility for maintaining oversight of the Group's framework for risk management.
- Assists the Board in achieving its obligations under the UK Corporate Governance Code (the "Code") in risk management and internal control.

Executive Committee

- Manages the risk management process.
- Responsible for application of risk management.
- Leads and directs achievement of business objectives in line with policies, procedures, and risk appetite.
- Makes recommendations to the Board on the Group's risk appetite, principal risks, controls and mitigations and emerging risks.

Operational Boards

- Responsible for applying risk management process.
- Provides timely risk management updates to the Executive Board.
- Applies risk management process (identify, assess, respond and report) across their business functions.
- Maintains risk registers with continuous improvement of mitigation plans and controls.

Internal Audit and Risk

- Independent and objective assurance of risk management process.
- Completion of annual risk based internal audit plan.

PRINCIPAL RISKS

Report and monitor

Appetite

Risk appetite is an expression of the quantum of risk that the Group is willing to take to achieve its strategic objectives aligned with its culture. The Board has determined a risk appetite, reviewed annually, that articulates the appropriate level of risk that should be taken in pursuit of the Group's strategic objectives without threatening its business model or the long-term interests of shareholders. Where there has been an increase in a risk that takes it outside appetite, the risk management governance process will be applied to assess what response is necessary and whether additional mitigating actions are required to bring the risk within the appetite determined by the Board.

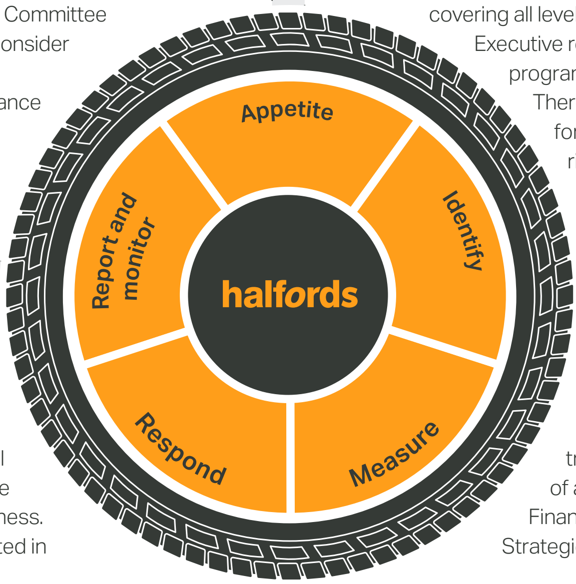
A dashboard of risk appetite measures for each principal risk is reviewed by the Executive Board quarterly. The measures highlight the trend for principal risks against appetite levels and whether an adjustment to the risk response is needed to stay within appetite and on course to achieve our strategic priorities.

Report and monitor

Functional and programme risk registers are monitored, and movements escalated. The Executive Committee holds a quarterly Risk Committee to consider risk trends, performance against risk appetite and emerging risks. Performance of the Group's risk framework is considered at each Audit Committee meeting and principal risks are reviewed twice annually.

Identify

To identify risk a top-down and bottom-up approach is applied covering all levels of the Group, from Board and Executive review of strategy to transformation programmes and functional operations. There is regular review of recorded risks for changes and the capture of new risks at the inception of new projects or processes.



Respond

Risks are reviewed against appetite and appropriate action is determined. A risk can be mitigated through the existing control environment, or adjustments might be required to improve control effectiveness. In certain cases, a risk may be accepted in accordance with appetite guidance.

Measure

Risks are reviewed for movements in impact and likelihood with standardised scoring applied to track against risk appetite. The impact of a risk event is measured against its Financial, Operational, Compliance or Strategic significance.

Principal risks

The Audit Committee reviews the effectiveness of the risk management processes and monitors the assessment of the Group's principal risks, reflecting on external factors and their impact on strategic priorities. Each principal risk has an Executive owner and is included within a Corporate Risk Register, which is subject to a 'top-down' review. Operational risk registers are maintained to provide greater granularity, a 'bottom-up' perspective and a further means to identify emerging risks.

Climate change and electrification is no longer reported as a standalone principal risk. ESG considerations are now integrated into the management of other relevant principal risks. Health and safety has been introduced as a new principal risk, having previously been included under Regulatory and compliance. The principal risk related to cybersecurity has been updated, with references to IT infrastructure now addressed within the Technology transformation capacity and capability risk.

The principal risks of Value proposition, Brand appeal and market share, and Service quality have been combined into a single principal risk titled Customer proposition and relevance to reflect their interdependencies and cumulative impact on performance and customer trust. Stakeholder support and confidence in strategy has been removed as a standalone principal risk.

There are no other changes to the principal risks.

Emerging risks

The evolution of risk is actively considered at Board level and across the executive management team. Emerging risk is seen as an undefined risk that may eventually develop to materially impact the business in the future.

The Audit Committee receives presentations from contributors to the risk management process with insight on key risk themes such as economic, environmental, technological, societal, and geopolitical risks. Where appropriate, the views of external subject matter experts or stakeholders may be sought.

The following emerging risks have been identified:

- Generative AI offers great potential for creativity, automation, and problem-solving, which could create a competitive advantage. Its misuse poses significant risks including misinformation, privacy breaches, biased outcomes, and security threats.
- Climate extremes leading to extreme weather events could impact our customers, colleagues, and supply chain partners and lead to different and more volatile patterns of trade requiring enhanced operational resilience.
- Rising geopolitical tensions could lead to disruption and fragility in the supply chain impacting transportation costs or inventory flow.

PRINCIPAL RISKS

Technology transformation capability and capacity	Risk direction
The successful delivery of business transformation depends on having the right capabilities and infrastructure in place. However, the age and complexity of certain technology systems may limit the ability to implement change at pace. In addition, prioritisation of short-term returns may constrain investment in projects capable of delivering greater value over the medium to long term. Modernisation of IT infrastructure remains a critical component of the transformation strategy and a key enabler for accelerating transformational change.	

Mitigation

- A dedicated Transformation and Change team, supported by experienced Programme and Project Managers, drives delivery of key business initiatives. This structure ensures alignment with both near-term goals and longer-term transformation objectives.
- Technology-led improvements are central to transformation, with automation of standardised processes advancing in line with the IT roadmap. These initiatives are improving operational efficiency, scalability, and consistency across the Group.
- Significant progress has been made in modernising the Group's technology estate, including the migration of key applications such as the core retail system and SAP to cloud infrastructure. This enhances system resilience, availability, and the ability to scale rapidly in support of future transformation.
- Business-critical systems not yet migrated remain securely hosted within specialist data centres. These are supported by established disaster recovery arrangements, including scheduled patching, backup routines, and failover capabilities to ensure continuity of operations.
- The Group continues to invest in modern technology infrastructure and tools that enable better data insights, agile delivery, and streamlined integration across platforms — all of which are foundational to delivering sustainable transformation at pace.

Current year priorities

- Enhance internal delivery capacity by expanding specialist skills and partnering with experienced external providers to support complex transformation initiatives.
- Embed a stronger change management culture through targeted training, leadership engagement, and organisation-wide readiness programmes.
- Optimise modern cloud infrastructure by upgrading legacy systems to improve performance and accelerate future transformation deployment.
- Initiate selection and planning for a new ERP system to modernise core processes, boost operational efficiency, and support scalable growth.
- Advance governance and control frameworks through continuous improvement initiatives, supporting compliance with Provision 29 of the UK Corporate Governance Code.

Key to risk direction

Risk increasing | Risk decreasing | No risk movement | New

Customer proposition and relevance	Risk direction
Failure to maintain a compelling customer proposition – across pricing, brand appeal, and service quality – risks diminishing customer relevance, reducing retention, and eroding market share. Cost-of-living pressures and the rise of agile, online-first competitors continue to raise expectations around price, convenience, and digital experience. Limited investment in brand awareness may reduce top-of-mind presence during customer purchase decisions, particularly in retail, where behaviour continues to shift toward digital channels. Inconsistencies in service quality may further weaken customer trust and long-term engagement. The transition to electric vehicles will also reduce demand for maintenance-related products and services for combustion engine vehicles.	No risk movement

Mitigation

- Targeted price reductions in key Motoring categories and a "Never Beaten on Price" commitment for fitted products such as tyres help protect value perception in a price-sensitive market. Garage services use dynamic pricing to offer flexibility and support informed customer choice.
- Financial services such as the Cycle2Work scheme and pre-pedalled bike offerings promote affordability and accessibility, broadening appeal across income groups.
- The Halfords Motoring Club has grown to over 5 million members, delivering exclusive offers and loyalty-based benefits that drive repeat custom and improve perceived value.
- Service quality is maintained through role-specific colleague training, structured quality assessments, and regional oversight across the garage network. The PACE platform ensures workflow consistency, while technician performance is tracked and regularly reviewed.
- Our differentiated business model encompassing both retail and autocentres, alongside our national footprint and experience in other forms of e-mobility including bikes and scooters, leave us well positioned to capitalise on the EV transition as it progresses.
- Quality Controllers complete accredited and refresher training, supporting high standards and technical assurance. Complaints are systematically analysed, with a dedicated process for High Priority Failures to ensure root causes are addressed effectively.
- Customer feedback is collected via operational channels and CRM systems, with independent validation from various platforms. This feedback informs improvements and safeguards reputation.

Current year priorities

- Amplify customer value through multi-channel campaigns, expanding product ranges, and applying strategic discounting during core seasonal events to attract and retain customers.
- Optimise unique propositions to strengthen brand appeal and deliver greater value. This includes scaling the Motoring Club, promoting the full suite of financial solutions, deepening personalisation, developing own-brand ranges, and rapidly expanding the Fusion footprint.
- Expand our EV servicing capacity through our Fusion garage rollout and in our mobile fleet to accommodate growing demand, particularly from commercial fleets.
- Continue to expand and improve our EV training programmes and equipment investment.
- Continue investing in digital to elevate the omnichannel experience and meet rising customer expectations.
- Integrate Quality, Compliance and MOT into the Quality, Policy and Standards function to align measurement, governance, and action.
- Extend external mystery shopping and refine internal quality controls, supported by targeted technical training across all service lines.
- Use insights from NPS, contact centre feedback, and Google reviews to lead a focused programme that addresses key customer pain points.
- Enhance induction programmes for service colleagues to ensure consistent quality and compliance from day one.

PRINCIPAL RISKS

Macroeconomic volatility	Risk direction
The Group's financial performance may be negatively impacted by macroeconomic volatility, including inflation, fluctuating energy and commodity prices, foreign exchange instability, and evolving regulatory and tax requirements. Given the Group's substantial fixed cost base, prolonged financial strain could challenge the sustainability of the business model and its ability to meet external financial commitments.	▲

Mitigation	Current year priorities
– Over half of Group turnover is generated from service-related sales, providing greater revenue stability and reducing reliance on discretionary retail, which helps insulate performance from fluctuations in consumer spending. – Short average lease lengths (three years retail, five years garages) offer flexibility to adjust the size of the retail estate and manage fixed costs effectively in response to market dynamics. – A comprehensive cost and efficiency programme is in place to mitigate rising input costs. – Supplier relationships are actively managed to unlock value, secure contributions and support, and help reduce margin pressure and improve the cost structure across operations. – Regular price elasticity analysis informs pricing decisions to balance customer affordability with margin protection, particularly in price-sensitive categories. – A US dollar hedging programme monitors and manages exposure to foreign exchange fluctuations, particularly in relation to imported goods and supply chain costs. – Energy volumes are purchased in advance to reduce exposure to market volatility and provide greater cost stability. – Debt facilities extend to 2028, with an option for a one year extension, supporting liquidity and financial flexibility in navigating economic uncertainty.	• Deliver the FY26 cost reduction plan, through procurement excellence, operational efficiency, and the continuation of the Better Buying programme. • Enhance profit optimisation strategies by refining the use of pricing science and elasticity modelling to balance price, volume, and margin dynamics in an increasingly price-sensitive market. • Identify and drive new medium-term efficiency opportunities, leveraging data analytics, artificial intelligence, and end-to-end operating model reviews to improve productivity and reduce structural costs. • Continue proactive management of foreign exchange risk through the established US dollar hedging programme to ensure cost predictability on imported goods. • Optimise the retail estate and service network by rigorously reviewing all lease renewals and selectively exiting underperforming locations, strengthening the Group's fixed cost flexibility. • Expand strategic energy management initiatives to mitigate energy market volatility, ensuring stable and predictable operational cost structures. • Maintain strong liquidity and financial flexibility by preserving a robust capital structure and ensuring continued access to long-term debt facilities, supporting resilience against prolonged macroeconomic volatility.

Key to risk direction

Risk increasing · Risk decreasing · No risk movement · N New

Regulatory and compliance	Risk direction
Failure to meet legal and regulatory obligations across any part of the Group's activities could adversely impact stakeholders, result in financial penalties, and damage the Group's reputation, placing strain on the business.	

Mitigation

- Legal and regulatory developments are continuously monitored across all regions in which the Group operates, with compliance supported by a comprehensive suite of policies and procedures promoting ethical conduct, integrity, and adherence to obligations.
- Executive management reinforces a strong compliance culture by setting clear expectations and regularly communicating the tone from the top across all levels of the organisation.
- Mandatory compliance training is delivered to all colleagues, including regular refreshers covering key areas such as Data Protection, Anti-Money Laundering ("AML"), and Financial Conduct Authority ("FCA") requirements.
- A robust Code of Conduct governs relationships with suppliers, ensuring compliance with ethical standards, environmental management, labour practices, and human rights. Regular monitoring and audits are conducted to assess adherence.
- Specialised experts oversee high-risk compliance areas, including Data Protection and FCA regulation, reporting directly to governance committees composed of cross-functional stakeholders. These committees rigorously assess and evaluate the Group's compliance activities against regulatory standards and best practices.
- Horizon scanning processes identify emerging regulations, assess business impact, and ensure timely adjustments to operational practices.
- An established Whistleblowing process offers a confidential mechanism for reporting suspected or actual wrongdoing, supporting transparency, accountability, and timely intervention.

Current year priorities

- Proactively monitor and assess legal, regulatory, and policy developments across all operational regions, adapting compliance frameworks promptly to reflect evolving requirements and industry standards.
- Enhance the Group's compliance management framework, embedding regulatory controls more deeply into operational processes, supported by strengthened governance oversight and role-specific accountability.
- Expand third-party due diligence protocols, with enhanced onboarding, monitoring, and risk assessment processes to reinforce supply chain resilience and reduce customer, operational, and reputational risk.
- Enhance our Management Information and improve root cause analysis for the identification and early resolution of compliance breaches.
- Further reinforce the culture of compliance and ethical behaviour through targeted colleague training, and increased engagement across all business levels.

Cybersecurity	Risk direction
Failing to sufficiently prevent, detect, and respond to cyber incidents and attacks may result in disruption of service, compromise of sensitive data, financial penalties from regulatory authorities, financial loss, and reputational damage.	

Mitigation

- The Governance, Risk, and Compliance ("GRC") function has been significantly enhanced, providing improved visibility, alerting, and reporting to support a proactive, real-time approach to cybersecurity and early risk identification.
- A 24/7 Security Operations Centre ("SOC"), operated by third-party partner TCS, delivers real-time threat monitoring and analysis. TCS also supports critical first-line security functions, including vulnerability management, email filtering, and website protection.
- A comprehensive cybersecurity education and awareness programme is in place, combining mandatory training, regular briefings, and an adaptive digital "test and train" process. This system enhances individual threat recognition by presenting real-time challenges and delivering immediate training where needed.
- The Audit Committee receives regular updates from senior Technology leaders on the cybersecurity framework, ensuring effective oversight and alignment with the Group's broader strategic objectives.
- A major incident response process enables root cause analysis and prompt application of remedial actions to reduce recurrence and minimise disruption.
- Secure by design principles are embedded in all new systems, with ongoing expansion to include third-party and supply chain security. This includes assessment of supplier related risks, identification of single points of failure, and mitigation of potential vulnerabilities.

Current year priorities

- Continued development of the privacy and security strategy to build on previous work and the security roadmap.
- Completion of the transformation to a modern network solution to deliver improved capacity across stores and garages with central management capability.
- Additional investment in Juniper AI to proactively alert to suspicious activity at the edge of the network and to self-heal any faults.
- Deploy a new Bring Your Own Device ("BYOD") solution with enhanced levels of security.
- Upgrade to Microsoft 365 E5, Microsoft's most comprehensive enterprise plan, to strengthen our security posture.
- Improve threat awareness with the completion of a test and train solution for colleagues.
- Continued development of the Identity@Halfords programme, improving security through single sign-on ("SSO") and ensuring robust authentication management processes across systems.

PRINCIPAL RISKS

Culture / colleague engagement and skills	Risk direction
Failure to maintain an engaging and inclusive culture where colleagues feel connected to their manager, team, and the wider business, impacting cohesion as part of the 'One Halfords Family'. Inability to attract, recruit, develop, and retain colleagues with the required skills to meet current needs and support future growth.	▼

Mitigation

- We have embedded a continuous colleague listening strategy, ensuring regular feedback is captured through multiple channels. Insights are reviewed and acted upon in a timely manner, with progress communicated back to colleagues to foster transparency, trust, and engagement.
- Leadership capability is actively developed through structured assessment and personalised development planning, supported by a suite of in role leadership programmes across all levels. A Korn Ferry leadership development programme, incorporating 360 degree reviews and targeted coaching, further enhances this by promoting self awareness and strengthening leadership effectiveness. This ensures our leaders are equipped to build inclusive, high performing teams and lead effectively through change.
- Talent planning and succession management processes are in place, with a focus on identifying critical roles, internal talent pipelines, and development opportunities to mitigate skills risk. We proactively monitor and review succession for key roles and continue to build capability internally while supporting with targeted external recruitment where required.
- Learning and development is delivered through The Academy, Halfords' dedicated digital portal providing colleagues with accessible training, structured career development pathways, and self-directed learning resources aligned to business priorities and role expectations.
- Functional skills matrices and technical career pathways have been developed across core functions and continue to evolve. These tools support clear progression, help identify skills gaps and inform targeted development activity to meet both current and future operational needs.
- We routinely monitor people indicators, including engagement, inclusion, retention, and development metrics. These are reviewed at senior levels to ensure our people strategy remains aligned with our business goals, workforce expectations, and culture aspirations as One Halfords Family.
- Colleague wellbeing is supported through a range of resources and initiatives, including mental, physical, and financial wellbeing programmes. We continue to adapt our wellbeing offering based on colleague feedback and broader workforce trends.
- Our Equity, Diversity, and Inclusion commitments are embedded through our values, colleague networks, and leadership accountability. We promote an inclusive culture where colleagues feel respected, supported, and able to thrive.
- Our recruitment approach is focused on building inclusive, values led talent pipelines, with clear role profiles, consistent assessment processes, and a strong emphasis on cultural alignment. We ensure hiring decisions support long term capability needs and contribute to a connected, high performing workforce.

Current year priorities

- Strengthen our ED&I data to better understand colleague demographics and inform targeted actions.
- Develop a proactive wellbeing framework that encompasses physical, mental and financial wellbeing.
- Create new in role leadership programmes as well as transitional leadership programmes for leaders moving into new levels of leadership.
- Evolve our internal leadership development programmes to build greater awareness and capability around inclusive leadership, by specifically including ED&I training.
- Enhance our recruitment processes to ensure they are consistently inclusive and accessible, supporting our ambition to attract diverse talent.
- Pilot new ways of working that encourage inclusive behaviours and practices across teams and functions.
- Continue to expand our Apprenticeship programmes by recruiting c.165 more automotive apprentices in FY26 to help fill the skills gap.
- Build a skills matrix and career pathway by function.

Key to risk direction

▲ Risk increasing ▼ Risk decreasing ▶ No risk movement N New

Disruption to end-to-end supply chain	Risk direction
Exposure to risks that could disrupt the availability of products and raw materials, including supplier failure, geopolitical instability in sourcing regions, climate-related events, inflation, currency fluctuations, and evolving trade regulations. Disruptions to international sea and road freight networks, shifting tariffs, and regulatory compliance challenges may further impact the flow of goods. Ageing distribution infrastructure, rising labour costs, and third-party contract failures also pose risks to supply chain efficiency. Additionally, climate-related risks, such as extreme weather events, threaten manufacturing, logistics, and operational continuity. Such disruptions may result in increased costs, reduced product availability, and negative impacts on sales, margins, and stakeholder confidence.	▶

Mitigation

- Sourcing operations are supported by dedicated teams across the UK, Asia, and nearshore regions, maintaining strategic supplier relationships and implementing dual sourcing and product engineering to enhance supply chain resilience. ESG considerations are fully integrated into sourcing practices, reinforcing sustainable and responsible procurement.
- In-house expertise underpins global trading capability, with Authorised Economic Operator ("AEO") accreditation and robust import/export processes in place. Distribution Centres operate with strict security protocols to safeguard operations and minimise disruption.
- Third-party logistics ("3PL") partnerships provide scalability and industry expertise. Engagement with multiple shipping lines improves flexibility and reduces dependency risk. Collaborations with logistics partners such as Yusen Logistics, Wincanton, and Clipper Logistics ensure robust capacity management, while PwC supports ongoing compliance with trading regulations.
- Tyre warehousing and distribution are managed through specialist 3PL arrangements, optimising service efficiency and supporting garage services with scalable fulfilment, even under supply chain pressure.

Current year priorities

- Monitor market changes caused by the application of new tariff rates and the impact on the movement of goods.
- Complete an AEO audit with HMRC in April 2025.
- Continue to maintain a close dual partnership sea freight approach to mitigate service and cost inflation risks.
- Begin to incorporate climate change risk identification and management into our sourcing processes. This will enable climate change risk to be considered as part of our sourcing decisions across a wider set of suppliers.
- Develop climate change risk assessments for potential property acquisitions and key Halfords sites. This will help include climate risk information in our strategic decision making for our property portfolio.

PRINCIPAL RISKS

Health and safety	Risk direction
Due to the nature of our operations, we could endanger the health and safety of colleagues and customers.	N

Mitigation	Current year priorities
– The expansion into garage and fleet services has elevated health and safety risk, prompting targeted investment in the health and safety team's capacity and capability. Recruitment, upskilling, and the rollout of enhanced training – especially for frontline colleagues – support a more complex operational risk profile. – A strong safety-first culture is maintained through the Group health and safety policy, which sets clear expectations and accountability. Risks are managed via hazard elimination, structured risk assessments, and a hierarchy of controls. All sites operate under robust event management protocols, supported by internal KPIs such as Event Frequency Rate ("EFR") and regular Visible Safety Leadership visits. – Incidents are independently investigated, with outcomes shared across the Group and industry to drive continuous improvement and prevent harm. To further support colleague safety, particularly in high risk or customer facing environments, the use of body worn cameras in stores has been introduced. This acts as both a deterrent and a protective measure, helping to de-escalate confrontations and provide objective evidence in the event of an incident. – Further detail is outlined in the Health and Safety section on pages 51 and 52.	• Continue rollout and embedding of the upgraded internal safety audit programme across all locations. • Expand use of safety data analytics to enhance risk identification and response capabilities. • Strengthen compliance monitoring and colleague training, with a focus on higher-risk operations such as Commercial Fleet Services. • Increase leadership visibility and accountability through targeted safety initiatives and behaviours. • Drive continuous improvement in safety standards through lessons learned and best practice sharing.

Going concern

In determining the appropriate basis of preparation of the financial statements for the period ended 28 March 2025, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Board has concluded that it is appropriate to adopt the Going Concern basis, having undertaken an assessment of the financial forecasts for the 12 month period from the date of approval of these financial statements. Management has prepared this assessment of Going Concern, which included reviewing financial forecasts and projections for the relevant period. Within these financial projections, which included amongst other items, the impact of labour cost increases resulting from the UK Government's Autumn Budget, management reviewed profit and net cash flow and tested the financial covenants associated with the Group's committed facility during the assessment period. No issues were found.

The financial forecasts have been stress tested to determine the required sales decline versus the Going Concern scenario before the covenant conditions were breached. This assessment also included variable and other cost-saving measures, which are under our control, that the Group would employ in this scenario and showed that sales would have to reduce by more than 12% before the first covenant condition is broken (interest payable to EBITDAR).

The current economic and geopolitical environment means that we expect some impact on consumer sentiment and behaviour, including propensity to spend on discretionary items, but do not believe that these external risks would cause a sales reduction of greater than 12% in the next 12 months. If sales were to reduce to this level, then further actions could be taken to prevent a covenant breach. The key mitigating action would be to halt strategic investment in FY26.

The Group continues to be cash generative and has a committed revolving credit facility of £180m which expires on 16 April 2028. The Board has a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due; retain sufficient available cash and not breach any covenants under any drawn facilities throughout the Going Concern period. They do not consider there to be a material uncertainty around the Group or Company's ability to continue as a Going Concern.

Conclusion

Based on this review, management is satisfied that it is appropriate to adopt a Going Concern basis in preparing the FY25 period end financial statements.

VIABILITY STATEMENT

In accordance with the Corporate Governance Code, the Directors have assessed the viability of the Company over a three-year period to March 2028.

The Directors believe this period to be appropriate as the Company's strategic planning encompasses this period, and because it is a reasonable period over which the impact of key risks can be considered within a fast moving retail and services business. This period is consistent with the approach taken last year.

The Directors have assessed the prospects of the Group by reference to its current financial position, its recent and historical financial performance, its business model and strategy, and the principal risks and mitigating factors described on pages 61 to 68. The Board regularly reviews financial headroom and cash flow projections to ensure that the business retains sufficient liquidity to meet its liabilities in full as they fall due. The Group is, as results demonstrate, financially strong, historically cash generating (excluding acquisitions) and profitable each year, which was true throughout the period ended 28 March 2025 and is expected to continue. In making this Viability Statement, the Directors have reviewed the overall resilience of the Group and have specifically considered the likelihood and impact of the principal risks, as well as financial analysis and forecasts.

The likelihood and impact of the principal risks

At a recent review by the Audit Committee, Directors agreed that the risk register identifies no matters that may jeopardise a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due in the reasonably foreseeable future (i.e. three years). The Audit Committee's review included a robust assessment of the impact, likelihood and management of principal risks facing the Group, including those risks that could threaten its business model, future performance, solvency, liquidity or day to day operations and existence. Mitigating actions that would serve to protect the sustainability of the business model include an ongoing shift to a services proposition, a continued focus on reducing underlying costs (e.g., rental costs through property renegotiations) and driving down cost of goods where possible through targeted efficiencies and scale benefits.

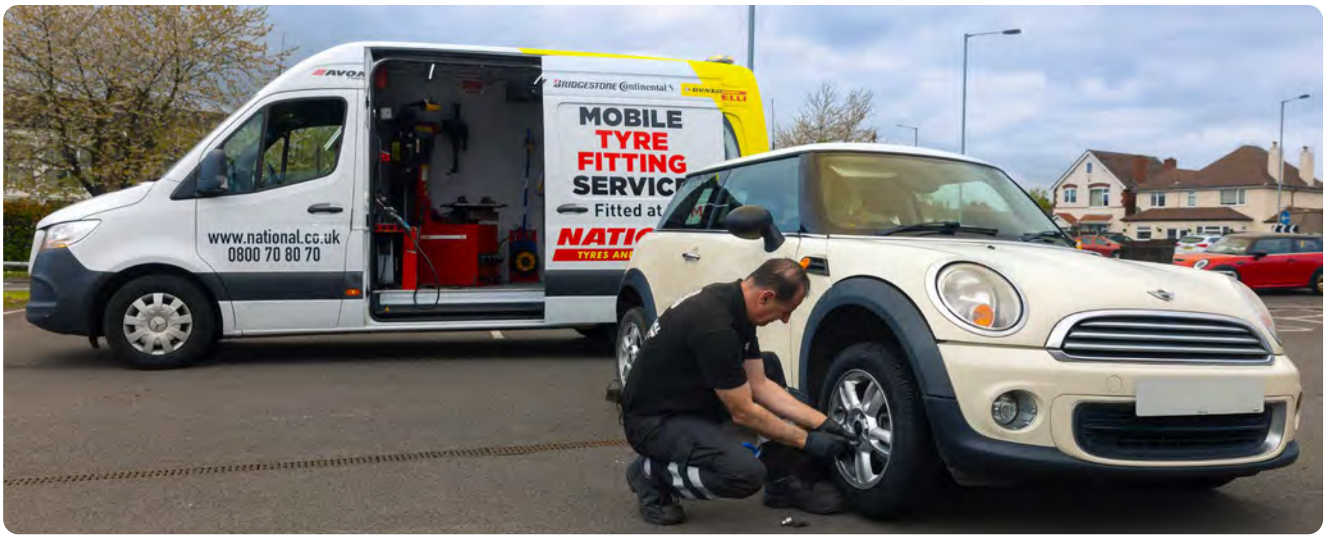
Financial analysis and forecasts

The Board recently reviewed the financial plan to FY28, including the current financial position and performance, cash flow projections, dividend strategy, funding requirements and funding facilities. Sensitivity and stress testing was subsequently applied to the financial plan to determine the extent to which sales and cash would need to deteriorate before breaching the financial covenants embedded within the Group's committed bank facilities.

The testing indicated that the business could experience a sustained reduction in sales of over 12% and still remain within existing facilities and covenants. The downside scenario makes an assumption on variable cost savings, assuming that costs equating to 15% of sales, or, on average, c. £35m per annum, are removed. The downside scenario also incorporates a further, on average, c. £40m of fixed costs which would be saved annually were this sales scenario to materialise, with savings across a number of business areas including performance related incentives, transformation programme investment and head office costs. Based on their assessment of the plan, the Directors believe a downside sales scenario of this magnitude and duration is unlikely to materialise. The Group has a £180m committed revolving credit facility which expires on 16 April 2028.

Viability statement

Based on this review, the Directors confirm that they have a reasonable expectation that the Group will continue to meet its liabilities as they fall due over the three-year period.



GOVERNANCE

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GOVERNANCE AT A GLANCE

Meeting attendance

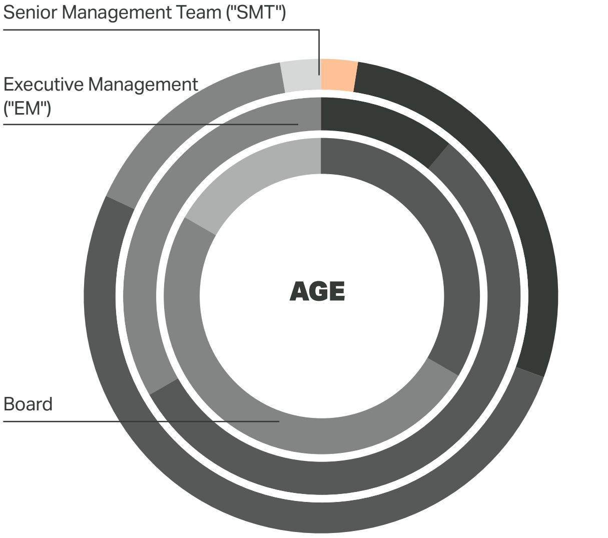
Board member	Board scheduled: 7	Audit Committee scheduled: 4	Remuneration Committee scheduled: 4	Nomination Committee scheduled: 3	ESG Committee scheduled: 2
Executive Directors					
Graham Stapleton	7 7	N/A	N/A	N/A	N/A
Jo Hartley	7 7	N/A	N/A	N/A	N/A
Non-Executive Directors					
Keith Williams	7 7	N/A	N/A	3 3	N/A
Jill Caseberry	7 7	4 4	4 4	3 3	2 2
Tom Singer	7 7	4 4	4 4	3 3	2 2
Tanvi Gokhale	7 7	3 4	4 4	3 3	2 2

● Meetings attended ● Possible meetings

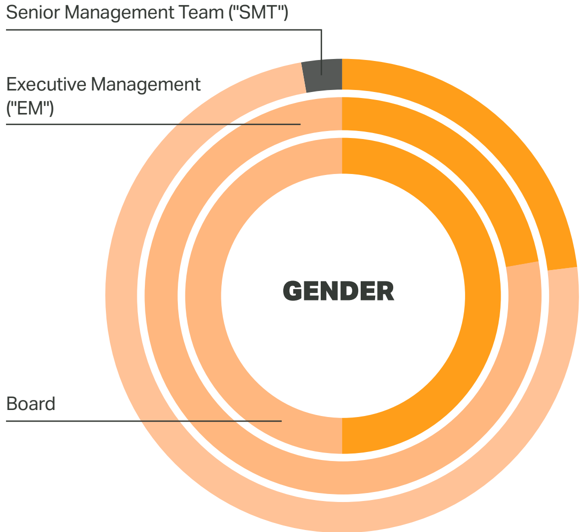
Due to medical reasons, Tanvi Gokhale was unable to attend the final Audit Committee meeting in FY25.

The Company Chair is not a member of the Audit Committee, the Remuneration Committee or the ESG Committee, but he does attend these committee meetings. Other members of the Executive Team and professional advisors attended Board meetings by invitation as appropriate throughout the year.

At each Board meeting, the Chief Executive Officer delivers a high-level update on the Group, and the Board considers specific reports, reviews business and financial performance, as well as key initiatives and risks and governance. In addition, throughout the year, the Executive Team and other colleagues delivered presentations to the Board on proposed initiatives and progress on projects.

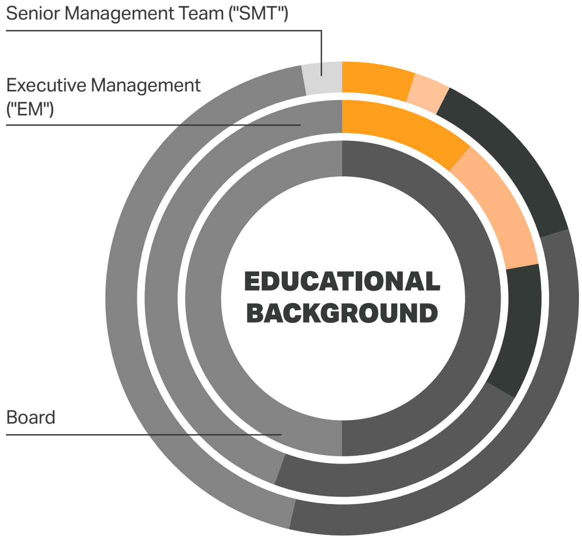


	Board	EM	SMT
18-24	0	0	0
25-34	0	0	1
35-44	0	1	11
45-54	2	5	20
55-64	3	3	6
65 and over	1	0	0
Not specified/prefer not to say	0	0	1



	Board	EM	SMT
Female	3	2	9
Male	3	7	29
Non-binary	0	0	0
Not specified/prefer not to say	0	0	1

	Board	EM	SMT
White British or other White	5	9	38
(including minority-white groups)	0	0	0
Mixed/Multiple Ethnic groups	1	0	0
Asian/Asian British	0	0	0
Black/African/Caribbean/Black British	0	0	0
Other ethnic group, including Arab	0	0	0
Not specified/prefer not to say	0	0	1



	Board	EM	SMT
Level 3 or Below (GCSE, A Level or equivalent)	0	1	2
Level 4 (HNC, CertHE, higher apprenticeship or equivalent)	0	1	1
Level 5 (HND, DipHE or equivalent)	0	1	5
Level 6 (University degree or equivalent)	3	2	13
Level 7 (Masters Degree, postgraduate certificate or equivalent)	3	4	17
Level 8 (Doctorate)	0	0	0
Not specified/prefer not to say	0	0	1

Note: Executive Management is defined as the most senior Executive body below the Board including the Company Secretary but excluding administrative and support staff. Senior Management Team is defined as the Company's Executive Committee or equivalent and those senior managers reporting directly to them.

GOVERNANCE AT A GLANCE

BOARD SKILLS and experience

Leadership: **6 Directors**
The ability to guide, direct or influence people.
Total years: **149**

Strategy: **6 Directors**
The art of developing or carrying out a carefully devised plan of action to achieve a goal.
Total years: **140**

Cross-functional: **6 Directors**
Experience in finance, marketing, operations, and human resources departments. Typically, working with suppliers, key customers or consultants.
Total years: **171**

Marketing: **4 Directors**
Promotion of the value of a product, service or brand to customers for the purpose of promoting or selling that product, service or brand.
Total years: **110**

Governance: **6 Directors**
Position of authority or control.
Total years: **132**

Banking: **3 Directors**
Total years: **72**

Finance: **6 Directors**
Total years: **171**

Corporate: **6 Directors**
IPOs, Schemes of Arrangements, Flotation, Restructure, Reorganisation, Listing/De-listing.
Total years: **123**

Digital: **5 Directors**
Experience in processing, storing, transmitting, representing or displaying data.
Total years: **107**

Retail: **6 Directors**
The selling of goods directly to customers, e.g. in shops.
Total years: **133**

M&A: **6 Directors**
Total years: **104**

Customer services: **5 Directors**
The provision of services to customers before, during and after a purchase.
Total years: **129**

Business development/ brand building: **5 Directors**
Developing and implementing growth opportunities within and between organisations.
Total years: **124**

Supply chain: **5 Directors**
Involvement in a system of organisations, people, activities, information and resources involved in moving a product or service from supplier to customer.
Total years: **83**

Promoting long-term sustainable success of the Group

Addressing opportunities and risks to the future success of the business

The Board's primary role is to ensure the long-term success of the Group, by delivering sustainable value for all its stakeholders. The Board has responsibility for setting the Group's strategy and monitoring its execution, for ensuring the implementation of a robust risk management framework and, for overseeing financial and operational performance. These responsibilities are supported by the Group's culture and values, which are designed to drive the right behaviours and by a strong corporate governance framework.

The sustainability of our business model

Our current strategy was launched in September 2018, built around our purpose to "inspire and support a lifetime of motoring and cycling". Details of our strategy and business model are provided on pages 20 to 25.

How the Board contributes to the delivery of Halfords' strategy

Through formal Board meetings and regular engagement with the Executive Team, the Board continues to oversee the implementation of the strategy to ensure it remains fit for purpose.

Board training sessions

September 2024

Remuneration landscape update from Deloitte

February 2025

Current audit landscape from BDO

March 2025

IT landscape update

UK Market Abuse Regulations training from Slaughter and May

Finance transformation update

Diversity and inclusion

The Group recognises the importance of diversity and inclusion, including gender and ethnicity, at all levels of the organisation. The Group's diversity policy (the "Policy") is reviewed annually and sets out our commitment to eliminating unlawful discrimination and promoting equality of opportunity. The Policy is applied to the Group, including the Board, and it is considered that the background and experience brought to the Board by each individual Director exemplifies and personifies the Board's commitment to its Policy.

The Nomination Committee keeps under review the composition and diversity of the Board and the capability and capacity to commit the necessary time to the role in its recommendations to the Board. Whilst the Group does not apply a fixed quota on diversity to decisions regarding recruitment, the Nomination Committee considers the Policy and ensures we have a sufficiently diverse Board in terms of age, gender, ethnicity and educational and professional background and that the Board members work together effectively to achieve its objectives. The intention is always to ensure the appointment of the most suitably qualified candidate to complement the Board and to promote diversity. Those appointed are deemed to be the best able to help lead the Group in its long-term strategy. At Halfords, half of the Board is female, which exceeds the recommended target as published by the Hampton-Alexander Review ("Improving Gender Balance in FTSE Leadership") in November 2017. The Board has always been committed to improving ethnic diversity at Board and senior management level. More information can be found in the Nomination Committee Report on page 95. The Board is well-placed by the mixture of skills, experience and knowledge of its Directors, to act in the best interests of the Company and its shareholders. In accordance with UKLR 6.6.6(R)9, as of 18 June 2025, the Group was compliant with all three of the targets on Board diversity prescribed by the UK Listing Rules as set out below:

1. At least 40% of the individuals on its Board of Directors are women;
2. At least one of the senior positions of Chair, CEO, CFO and/or SID on its Board of Directors is held by a woman; and
3. At least one individual on its Board of Directors is from a minority ethnic background.

The 18 June 2025 date is used as the reference date for this information as it is the latest practicable date prior to the publication of the Annual Report and Accounts. The numerical data in the format prescribed by UKLR 6.6.6(R)10 is available on page 73. For the purposes of the description required by DTR 7.2.8, the Group has decided to disclose the numerical data on the diversity of the members of the Board, Executive Management and Senior Management this is available on page 73.

BOARD OF DIRECTORS

Keith Williams
Chair

N

Current role
Appointed Chair of the Company and of the Nomination Committee on 24 July 2018.

Additional roles held
None.

Past roles
Keith was formerly a Non-Executive Director of International Distribution Services plc (previously Royal Mail Group), a Non-Executive Director and Deputy Chair of John Lewis, a Non-Executive Director of Aviva plc, and Chief Executive Officer and then Executive Chair of British Airways, having previously been at Boots, Reckitt and Colman, and Apple Computer Inc. Keith was the independent Chair of the Government-supported Rail Review. Keith is a qualified Chartered Accountant.

Key strengths
Keith brings extensive leadership and plc board experience. He is a highly regarded business leader with a proven record in retail and deep experience in relevant areas such as customer service and digital.

Henry Birch
Chief Executive Officer

Current role
Henry was appointed Chief Executive Officer ("CEO") on 15 April 2025.

Additional roles held
Henry is a Non-Executive Director at Vue International Group.

Past roles
Previously, Henry was the Chief Executive of the Very Group, the multi-category retailer, and prior to that was CEO of Rank Group plc and William Hill online.

Key strengths
Henry has considerable consumer and retail experience both online and multi-site with a strong record of growth and transformation across different sectors and in leading successful teams.

Jo Hartley
Chief Financial Officer

Current role
Chief Financial Officer ("CFO") since 16 June 2022.

Additional roles held
None.

Past roles
Prior to joining Halfords, Jo was the Group CFO for Virgin Active for over six years. Before that, Jo worked at Tesco plc in a number of finance roles in the UK and internationally, having qualified as a chartered accountant at Deloitte UK.

Key strengths
Jo has extensive experience across all finance functions gained within consumer facing businesses.

Committee membership

A Audit Committee

E ESG Committee

EV Employee Voice Director

N Nomination Committee

R Remuneration Committee

Jill Caseberry
Senior Independent Director

A E N R

Current role
Non-Executive Director and Remuneration Committee Chair since 1 March 2019. Senior Independent Director since 6 September 2023.

Additional roles held
Jill is currently a Non-Executive Director and member of the Audit and Remuneration Committees of C&C Group plc; Senior Independent Director, Chair of the Remuneration Committee and a member of the Nomination Committee of Bakkavor Group plc; Senior Independent Director, Remuneration Committee Chair and member of the Audit and Nomination Committees of St. Austell Brewery; and a Non-Executive Director and Chair of the Remuneration Committee and a member of the Audit, Nomination and ESG Committees of Bellway plc.

Past roles
Previously, Jill was Non-Executive Director, Remuneration Committee Chair and a member of the Audit and Nomination Committees of Northgate plc. During her executive career, Jill gained extensive sales, marketing and general management experience across a number of blue chip companies, including Mars, PepsiCo and Premier Foods. She also founded a soft drink company and established a sales and marketing consultancy. She was previously the Designated Workforce Engagement Non-Executive Director of Bakkavor Group plc.

Key strengths
Jill brings extensive leadership experience from senior sales and marketing roles in consumer goods businesses.

Tom Singer
Independent Non-Executive Director

A E N R

Current role
Non-Executive Director since 16 September 2020, and Chair of the Audit Committee since 1 January 2021.

Additional roles held
Tom is a Non-Executive Director and Audit Committee Chair of Mukuru and Vue International Group.

Past roles
Tom was the Senior Independent Director and Chair of the Audit and Remuneration Committees at DP Eurasia NV; Chair of the Audit Committee at Liberty Living; and a Non-Executive Director and Chair of the Audit Committee at Mediclinic International plc. Previously, he served as CFO of InterContinental Hotels Group plc, Group Finance Director of British United Provident Association ("BUPA"), CFO and Chief Operating Officer of William Hill plc and Finance Director of Moss Bros plc, having started his career in professional services and spending a total of 12 years at Price Waterhouse and McKinsey.

Key strengths
Tom brings extensive experience of strategy development, corporate governance and numerous finance disciplines.

Tanvi Gokhale
Independent Non-Executive Director

A E EV N R

Current role
Non-Executive Director since 20 June 2023, and Chair of the ESG Committee and Employee Voice Director since 6 September 2023.

Additional roles held
Tanvi currently serves as Managing Director, Customer Propositions and Journeys, leading the Everyday Banking and Unsecured Lending Business in the Retail Bank of NatWest Group and is a Trustee of English Heritage.

Past roles
Tanvi previously served as a strategy consultant at Booz & Co. She also previously served as Segmentation and Propositions Director for Lloyds Banking Group, and until March 2023, she served as Chair of the Investment Committee at English Heritage.

Key strengths
Tanvi brings extensive experience in retail strategy and financial services to the Board.

EXECUTIVE TEAM

Karen Bellairs
Managing Director – Garages

Please see full biography on the corporate website:
www.halfordscompany.com/about-us/our-executive-team/

Adam Gerrard
Chief Information and Data Officer

Please see full biography on the corporate website:
www.halfordscompany.com/about-us/our-executive-team/

Chris McShane
MD Business to Business and CEO and President of Avayler

Please see full biography on the corporate website:
www.halfordscompany.com/about-us/our-executive-team/

Mark Delaney
Managing Director – Retail

Please see full biography on the corporate website:
www.halfordscompany.com/about-us/our-executive-team/

Adam Pay
Managing Director – Garages

Adam Pay will lead the Garages division, taking over from Karen Bellairs from 1 July 2025. Adam brings extensive industry experience – most recently as Managing Director of mycar Australia.

Please see full biography on the corporate website:
www.halfordscompany.com/about-us/our-executive-team/

Paul O'Hara
Chief People and Property Officer

Please see full biography on the corporate website:
www.halfordscompany.com/about-us/our-executive-team/


ONE WAY
Service Tools
Brake Gauge
Micrometer
Range
25-50mm/1-2"

CORPORATE GOVERNANCE REPORT

> We continued to recognise the importance of ensuring the culture of the organisation is aligned with our business strategy.

KEITH WILLIAMS
Chair

To inspire and support a lifetime of motoring and cycling.

Purpose, culture and engaging with the workforce

During FY25, we continued to recognise the importance of ensuring the culture of the organisation is aligned with our business strategy and ambition to become a customer-led, market-leading services business. More details can be found on pages 22 to 25.

Annual General Meeting ("AGM")

Once again, we look forward to being able to welcome shareholders to the AGM to be held at our Support Centre. Further details of the AGM arrangements can be found on page 93 of this report.

Board changes

During the period, as announced on 15 April 2025, Graham Stapleton stepped down as Chief Executive Officer and Henry Birch was appointed as his replacement as at the same date.

Keith Williams
Chair

25 June 2025

Corporate Governance Statement

The Board confirms that, throughout the period ended 28 March 2025 and, as at the date of this report, the Company has applied the principles of, and complied with, the provisions of the 2018 UK Corporate Governance Code ("Code"), which is the applicable Code for this year end.

This report, together with the other statutory disclosures and reports from the Audit, Nomination and Remuneration Committees, provides details of how the Company has applied the principles of good governance as set out in the Code during the period under review. A copy of the Code is available on the Financial Reporting Council's website at **www.frc.org.uk**.

The Company has complied with the relevant requirements under the Disclosure Guidance and Transparency Rules, the UK Listing Rules, the Directors' Remuneration Reporting regulations and narrative reporting requirements.

Promoting our purpose, culture and long-term success

Board leadership and company purpose

Description:	Read more:
The Company is led by an effective Board, which promotes the long-term success of the Company and engages with its shareholders and stakeholders. The Board has established the Company's purpose, values and strategy and is satisfied that these, and its culture, are aligned.	Read more on our Strategy on pages 20 to 25.
The Board has ensured that the workforce is able to raise any matters of concern, and that all policies and practices are consistent with the Company's values.	Read more on Risk Management on page 60.
The Board has established an effective governance and risk framework.	Read more on our Culture on pages 84 and 85.

Ensuring a clear division of responsibilities

Division of responsibilities

Description:	Read more:
The Chair leads the Board, which includes an appropriate combination of Executive Directors and Non-Executive Directors.	Read more on Board Composition on page 88.
The Non-Executive Directors provide constructive challenge, strategic guidance and advice and have sufficient time to meet their Board responsibilities.	Read more on Division of Responsibilities on pages 88 to 91.
There is a clear division of responsibilities between the running of the Board and the running of the business, and the Board has identified certain "reserved matters" that only it can approve. Other matters, responsibilities and authorities have been delegated as appropriate, and there are relevant policies and processes in place for the Board to function effectively and efficiently.	Read more on Risk Management on page 60 and on Division of Responsibilities on pages 88 to 91.

Delivering effectiveness through a balanced Board

Composition, succession and evaluation

Description:	Read more:
A comprehensive and tailored induction programme is in place for new Directors joining the Board. The induction programme facilitates their understanding of the Group and the key drivers of the Group's performance.	Read more on Board Appointments on page 126.
A rigorous, effective and transparent appointment process is in place, which, together with the effective succession plans, promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	Read more on Board Performance on pages 92 and 93.

Enabling reporting Integrity and an effective control environment

Audit risk and internal control

Description:	Read more:
The Board has established formal and transparent policies and procedures to ensure the independence and effectiveness of both internal and external audit functions. The Board satisfies itself on the integrity of financial and narrative statements. The Board presents a fair, balanced and understandable assessment of the Group's position and prospects.	Read more on the Audit Committee on pages 100 to 104.
The Board has established procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks of the Group.	Read more on Risk Management and Internal Control on pages 60 to 68.

Ensuring alignment with the successful delivery of our long-term strategy

Remuneration

Description:	Read more:
The Company has designed the remuneration policies and practices to support strategy and promote long-term sustainable success. The Executive remuneration is aligned to the interests of our shareholders and to the Company's purpose and values and is clearly linked to the successful delivery of our long-term strategy. There is a formal and transparent procedure for developing Executive Remuneration Policy and determining Director and senior management remuneration. Directors are able to exercise independent judgement and discretion when authorising remuneration outcomes, taking into account Company and individual performance and wider circumstances.	Read more on Directors' Remuneration on pages 106 to 122.

CORPORATE GOVERNANCE REPORT

Board leadership and company purpose

Board priorities for FY25: main areas

Strategy

- Received updates on FY25 key strategic initiatives and opportunities.
- Discussed and reviewed updates on the strategy and M&A activities.
- Reviewed the output of OC&C independent review of likely future trajectory of Halfords' core markets.

Link to Stakeholder

A B C D E F G H

Link to Strategy

1 2 3

Governance

- Received regular updates from the Chairs of the Remuneration, Audit, Nomination and ESG Committees.
- Reviewed and approved the FY24 Annual Report and Accounts.
- Reviewed and approved the Directors' Conflicts of Interests Register, Group policies, the Group Risk Register and the roles of the Chair, the Chief Executive Officer and Senior Independent Director.
- Received regular health and safety updates, corporate governance updates and project investment reviews.
- Received training on UK Market Abuse Rules.

Link to Stakeholder

A B C E F G

Link to Strategy

1 2 3

Board matters

- Reviewed the succession plans for the Board.
- Reviewed the Board and Committees' programme and forthcoming meeting schedule.
- Reviewed the outcome of the internal FY24 Board performance review.
- Discussed and agreed the scope of the internal FY25 Board performance review.

Link to Stakeholder

A B F

Link to Strategy

1 2 3

Financial and risk management

- Reviewed monthly business and trading performance.
- Reviewed and approved the preliminary and interim announcements, the trading updates and pre-close announcements.
- Reviewed and approved the interim dividend and recommended payment of the final dividend.
- Reviewed updates on banking arrangements, liquidity, cash control, treasury matters and currency hedging.
- Reviewed and approved the Group Going Concern and Viability Statement.

Link to Stakeholder

A B F

Link to Strategy

1 2 3

Commercial matters

- Received updates on the process for, and approval of, the annual renewal of the Group's insurance policies.
- Reviewed and approved a number of large commercial contracts and spend.

Link to Stakeholder

A B C E F G

Link to Strategy

1 2 3

Shareholder and stakeholder relations

- Reviewed results of the Colleague Engagement Survey.
- Discussed and approved colleague health and wellbeing programmes.
- Reminded the Directors of their obligations under Section 172 of the Companies Act 2006.
- Reviewed monthly investor relations reports and annual shareholder body reports.
- Reviewed and approved the 2024 Notice of the Annual General Meeting and the arrangements for the 2024 Annual General Meeting.

Link to Stakeholder

A B C E F G

Link to Strategy

1 2 3

Key to Stakeholders

A Colleagues B Investors C Communities D Media E Customers F Suppliers G Environment H Government

Board priorities for FY26: main areas

Strategy

- Review the annual strategy refresh and associated financial business plan.
- Review any potential M&A opportunities.

Link to Stakeholder

A B C D E F G H

Link to Strategy

1 2 3

Governance

- Receive regular updates from the Chairs of the Remuneration, Audit, Nomination and ESG Committees.
- Review and approve the FY25 Annual Report and Accounts.
- Review and approve the Directors' Conflicts of Interests Register, Group policies, the Group Risk Register and the roles of the Chair, the CEO and Senior Independent Director.
- Receive regular health and safety updates, corporate governance updates, project investment reviews and review of the external audit.
- Continue the process to ensure that the composition of the Board remains compliant with the Parker Review.

Link to Stakeholder

A B C E F G

Link to Strategy

1 2 3

Board matters

- Review succession plans for the Board and the Senior Management Team.
- Review the Board and Committees' programme and forthcoming meeting schedule.
- Discuss the outcome of the FY25 internal Board performance review and agree the scope and engage a provider for the provision of the FY26 Board performance review.
- Review the Board programme of visits.

Link to Stakeholder

A B F

Link to Strategy

1 2 3

Financial and risk management

- Review monthly business and trading performance.
- Review and approve preliminary and interim announcements and any trading updates.
- Review and approve the dividend policy and any dividend payments.
- Review and approve capital expenditure spending.
- Review and approve the FY26 updated forecast, the FY27 budget, banking arrangements, the financing arrangements and foreign currency hedging strategy.
- Review Risk Register and Internal Audit reports.

Link to Stakeholder

A B F

Link to Strategy

1 2 3

Commercial matters

- Review commercial matters brought to the Board for attention and potential approval.

Link to Stakeholder

A B C E F G

Link to Strategy

1 2 3

Shareholder and stakeholder relations

- Receive investor meeting updates from the Chair, Senior Independent Director, Chief Executive Officer and Chief Financial Officer.
- Review colleague engagement survey results and the progress on the health and wellbeing programme.
- Continue the focus on ESG matters.
- Reminder to Directors of their obligations under Section 172 of the Companies Act 2006.
- Review monthly investor relations reports and annual shareholder body reports.
- Review and approve the 2025 Notice of the Annual General Meeting.

Link to Stakeholder

A B C E F G

Link to Strategy

1 2 3

Key to Strategy links

1 Inspire 2 Support 3 Lifetime

CORPORATE GOVERNANCE REPORT

Board leadership and company purpose

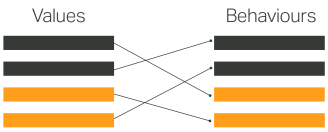
The Board continues to recognise the importance of its role in ensuring the culture of the organisation is aligned to its business strategy and ambition to become a customer led, market-leading services business.

Culture and values

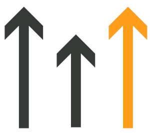
Goals

Create a performance culture where colleagues enjoy working together as one Halfords family using their skills and expertise to wow our customers.

Outcomes



Continued to build leadership capability through the embedding of our leadership behaviours, and the roll out of various leadership development programmes.



Continued our programme to improve employee wellbeing, supporting colleagues through our various programmes focused on cost of living and mental wellbeing.

Outcomes

Customers

Customers will have a joined-up experience wherever they shop across the Group.

Colleagues

Engaged colleagues will work together and use their skills and expertise to deliver an excellent and efficient customer experience.

Shareholders

Shareholders will benefit from the generation of additional profitable sales and a reduction in costs.

Our culture journey

Leadership

We continued to embed our values with colleagues and, during FY25 have supplemented these with our new Leadership Behaviours.

This year we delivered a developmental assessment programme for our top 200 leaders which included a full psychometric assessment using the Korn Ferry framework, 360-degree feedback on the leadership competencies and a three-way development planning session with a leadership development professional and the leader's line manger to build an effective personal development plan.

In FY25, we also continued implementing leadership development programmes at all levels of leadership including in our Garage management population, our Retail management population and our Support Centre Director population. In FY26, we will be expanding these programmes to more levels of leadership across the business.

Equality, diversity and inclusion ("ED&I")

We have increased activity to support our ED&I strategy. This year, four colleague Network Groups have been relaunched covering the following communities: LGBTQIA+; Race, Ethnicity, Religion and Belief; Neurodiversity and Disability; Gender Balance. We have held celebration days across the business including International Women's Day and Pride. In addition, we have started to review and develop our policies and have introduced new ED&I training for our Leadership population. In the year ahead, we will be focusing more on how we increase diversity across the business through our recruitment approach, as well as through our partnership with the Automotive 30% Club.

Wellbeing

We continue to focus on improving colleague wellbeing across four wellbeing pillars: financial, physical, mental and social.

Recognition

We continue to provide our colleagues with control over their pay and can help educate on money management through a dedicated financial wellbeing application and access to independent advice. The application supports personal finance management; gives colleagues early access to salary throughout the month; access to a trusted and impartial financial education hub to help build money confidence; and encourages colleagues to build an emergency or rainy-day fund through saving options.

We also offer all colleagues great elective benefits allowing access to affordable health plans and dental insurance, discounts and cashback at thousands of retailers and have extended our friends and family discount scheme permanently.

For colleagues facing, or at risk of, significant financial hardship, we support with our Halfords "Here to Help" Fund, which was set up by the Halfords Group during the COVID pandemic and continues to provide grants to support colleagues in need.

To help colleagues manage stress and support their mental wellbeing, we have continued to create awareness and provide resources through our online portal and through promotional material visible to all colleagues. We continued to support our mental health first-aider programme with over 90 mental health first aiders across the Group. Our partnership with mental health charities Mind, Scottish Action for Mental Health ("SAMH") and Inspire have provided access to further mental health information and resources.

To support embedding our values, we continued to run our recognition programmes across all our business areas, including our "Colleague of the Quarter" and "Colleague of the Year" award. As well as prizes, all winners were also invited to a celebratory lunch with the Executive team.

CORPORATE GOVERNANCE REPORT

Board leadership and company purpose

Workforce engagement

Halfords has a long-established practice of inviting feedback from colleagues across all areas of the business, including holding regular listening groups, appointing and meeting with local colleague engagement champions (“People Champions”), and conducting regular colleague surveys.

People Champions hold meetings to gauge how colleagues are feeling, which informs the programme of engagement and wellbeing activities. During the year, People Champions and colleagues from across the Group were invited to provide input into broader business initiatives, including ESG and reward practice, and to gain an understanding of corporate governance.

The Group has long-established grievance and whistleblowing policies that facilitate colleagues’ ability to raise any matters of concern more formally, and in total confidence, should the need arise. The Board reviews reports relating to whistleblowing cases, and the process is outlined in the Audit Committee Report on page 104. We know from the calls received and the data obtained that a large proportion of the whistleblowing calls received via the helpline are from store colleagues seeking clarification on HR or safety issues. This shows that the process works well as an adjunct to our normal HR processes and ensures we provide the best support we can to our colleagues.

Monitoring culture

The Board monitors culture on an ongoing basis, both formally and informally, through the outputs of colleague engagement surveys, and through regular listening groups that are held across all areas of the business.

Colleague experience, feedback and engagement survey results are reviewed in detail by the Board and are incorporated into Executive Directors’ and Executive Committee functional engagement plans. They are also considered when setting remuneration structures and determining outcomes. As in prior years, our colleague engagement index was a strategic measure in the bonus plans for our Executive Director and Leadership population for FY25.

Our more holistic review of the culture of the business told us that Halfords is a great, collaborative place to work, is engaging and is values-led with knowledgeable, friendly colleagues that go the extra mile to serve our customers.

The results of our April 2025 colleague engagement survey showed an increase in our colleague engagement index to 75%, an increase from 72% in 2024. This remains above median compared with broad market benchmarks.

The survey also highlighted that we continue to make a valued difference to colleague experience and our colleagues remain motivated to do their best work, go the extra mile to serve our customers and can see themselves working with Halfords in 12 months' time.

Engagement with our stakeholders

We understand the importance of engagement with all our stakeholders. It is of significant value to our decision-making and planning processes and, ultimately, the long-term success of the business.

Board listening approach

	What this channel brings
Employee Voice Non-Executive Director	Provides a forum for colleagues to express their views, suggestions or concerns to ensure they are heard and acted upon where possible.
Virtual focus groups	Insights and feedback from colleagues employed in different parts of the Group focused on a particular topic such as communication, wellbeing or engagement.
Colleague engagement survey	Measures how engaged colleagues are and how they feel about working at Halfords. The insights are used to identify priority areas and drive actions to improve these measures.
Blogs and written communications	Connects colleagues across all areas of the Group with our Halfords strategy by sharing updates from senior leaders on the latest business performance, transformation activity, strategic, commercial and customer experience initiatives as well as colleague engagement activity.

Stakeholder management

The Board understands the importance of strong relationships with all stakeholders and strongly values their input into its decision-making and planning processes. The Board seeks to ensure that engagement with our stakeholders is effective, either by engaging directly or through oversight of the management team. This includes the monitoring of KPIs, such as Customer Net Promoter Score and Colleague Engagement Index. Furthermore, the Board ensured that stakeholder interests were carefully considered in the Company’s recent sustainability strategy review, playing a key role in determining our key focus areas for the years ahead.

Directors and their other interests

Details of the Directors’ service contracts and emoluments, as well as the interests of the Directors and their immediate families in the share capital of the Company and options to subscribe for Company shares, are shown in the annual Directors’ Remuneration Report on pages 106 to 122.

In line with the requirement of the Companies Act 2006, each Director has notified the Company of any situation in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict), and a register of these is maintained by the Company Secretary.

All Directors are aware of the need to consult with the Company Secretary should any possible situational conflict arise, so that prior consideration can be given by the Board as to whether or not such conflict will be approved.

Concerns

The Chair seeks to resolve any concerns raised by the Board, whether these arise in a Board meeting or in another forum. Where raised and unresolved in a Board meeting, the unresolved business can be recorded on behalf of a Director in the minutes of the relevant meeting. A resigning Non-Executive Director would also be able to raise any concerns in a written letter to the Chair, who would bring such concerns to the attention of the Board.

No such concerns have been raised throughout the period.

Stakeholder engagement

Key themes discussed with shareholders in FY25

- Progress on our strategy and our medium- to long-term opportunities, which were outlined in our Capital Markets Day in April 2023.
- The dynamics of the motoring and cycling markets, specifically the recovery of the consumer tyres and cycling markets, both in terms of timing and if there have been any structural changes.
- Our core strategic initiatives, including the Fusion Motoring Services roll-out and Halfords Motoring Club.
- Our view of the impact of the Autumn Budget on our outlook for FY26, including our ability to mitigate the increased labour cost brought about by changes to National Insurance rates and thresholds.
- Capital allocation priorities, specifically the balance of maintaining a prudent balance sheet, maintaining the dividend and enabling investment for growth.
- Gross and operating margin performance, including pricing strategy and opportunities for further cost savings.
- The Chair is responsible for ensuring that appropriate channels of communication are established between Directors and shareholders and that Directors are aware of any issues or concerns that major shareholders may have. Regular engagement provides investors with an opportunity to discuss any areas of interest and raise concerns. The Group is eager to make sure that it understands shareholders' views and that it is able to communicate its strategy in the most effective way. The Group engages through regular communications, the Annual General Meeting and other investor relations activities.

Investor relations programme

The Group has a comprehensive investor relations programme through which the Chief Executive Officer, Chief Financial Officer and Investor Relations Director regularly engage with the Company's largest shareholders on a one-to-one basis, to discuss the Company's strategy and performance. All shareholders are able to contact the Company by email via a dedicated investor relations mailbox and receive a response from the investor relations team.

Further communication is via published results announcements and accompanying presentations, the Annual Report and Accounts, the corporate website and investor events as follows:

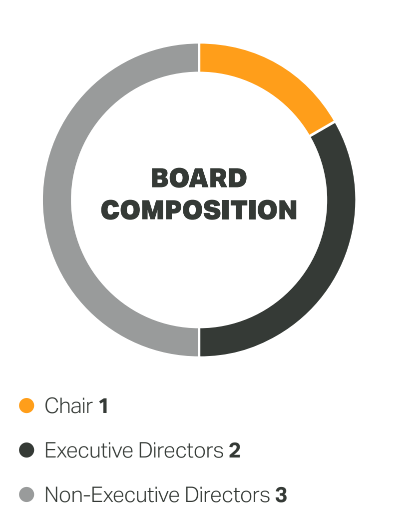
- **Results announcements and presentations** – provide a regular update to shareholders regarding the Company's financial performance and strategic progress. They are typically followed by a Management roadshow attended by the Chief Executive Officer, the Chief Financial Officer and the Investor Relations Director;
- **Annual Report and Accounts** – ensures that investors are kept fully informed of the Company's strategic direction and financial performance by way of a clear accessible document providing a complete and transparent view of the Company's activities;
- **The corporate website** – provides investors with timely information on the Group's performance as well as details of Environmental, Social and Governance activities; and
- **Investor events** – from time to time the Company hosts events designed to educate shareholders on specific aspects of its strategy, for example, the Fusion programme, with any written materials published to the corporate website.

CORPORATE GOVERNANCE REPORT

Division of responsibilities

Composition

At the date of this report, the Board of Directors comprised six members, namely the Non-Executive Chair, three other Non-Executive Directors and two Executive Directors. The composition of the Board is set out on page 126, and the biographies of each Director, including any other business commitments, are available on pages 76 and 77. The Board believes it has an appropriate balance of Executive and independent Non-Executive Directors, having regard to the size and nature of the business. The Board is responsible for the long-term success of the Company and is committed to ensuring that it provides leadership to the business as a whole, having regard to the interests and views of its shareholders and other stakeholders. It is also responsible for setting the Group's strategy, values and standards. Details of the Group's business model and strategy can be found on pages 22 to 25.



Board changes

During the period, as announced on 15 April 2025, Graham Stapleton stepped down as Chief Executive Officer, and Henry Birch was appointed as his replacement as at the same date.

Board independence

The Non-Executive Directors bring wide and varied experience to the Board and its Committees. The Code recommends that at least half of the Board of Directors, excluding the Chair, should comprise Non-Executive Directors, who are determined by the Board to be independent and are free from relationships or circumstances that may affect, or could appear to affect, the Non-Executive Director's judgement. Following a review, the Board considers Jill Caseberry, Tom Singer and Tanvi Gokhale to be independent in character and judgement.

The Chair, Keith Williams was considered independent upon his appointment.

Election and re-election

In compliance with the Code and the Company's Articles of Association, as at 18 June 2025, the following Directors will seek re-election at the 2025 AGM on Wednesday 3 September 2025 : Keith Williams, Jill Caseberry, Tom Singer, Tanvi Gokhale and Jo Hartley. Henry Birch, who was appointed on 15 April 2025, will stand for election for the first time at the AGM.

Board key responsibilities

The Board is collectively responsible for the long-term success of the Group and is committed to ensuring that it provides leadership to the business as a whole, having regard to the interests and views of its shareholders and other stakeholders. It provides leadership and direction on the Group's culture, values and purpose; sets the strategic direction; agrees the risk framework; and ensures these are managed effectively. The Board is accountable to shareholders for the financial and operational performance of the Group. Details of the Group's business model and strategy can be found on pages 22 and 25.

Division of responsibilities

The roles of Chair and Chief Executive Officer are separate and clearly defined, with the division of responsibilities set out in writing and agreed by the Board.

The Chair is responsible for effective leadership, operation and governance of the Board and its Committees. The Chair ensures effective communication with shareholders, facilitates the contribution of the Non-Executive Directors and ensures constructive relations between Executive and Non-Executive Directors.

The Chief Executive Officer is responsible for the management of the Group's business and for implementing the Group's strategy.

Together, the Directors act in the best interests of the Company via the Board and its Committees, devoting sufficient time and consideration as necessary to fulfil their duties. Each Director brings different skills, experience and knowledge to the Company, with the Non-Executive Directors additionally bringing independent thought and judgement. This combination seeks to ensure that no individual or group unduly restricts or controls decision-making.

A formal schedule of matters reserved for the Board is in place and is annually reviewed as referred to above.

To discharge these responsibilities effectively, the Board has a system of delegated authorities, which enables the effective day-to-day operation of the business and ensures that significant matters are brought to the attention of management and the Board as appropriate. It is through this system that the Board is able to provide oversight and direction to the Executive Directors, the Executive Team and the wider business.

Matters specifically reserved for the Board include: strategy and management; corporate structure and capital; investor relations; audit, financial reporting and controls; nominations to the Board; Executive remuneration; and certain material contracts.

Director tenure and Board succession

Succession planning for the Board is monitored regularly and, in particular, is considered in detail during the annual review of the Board performance as described on pages 92 and 93. Details of the tenure for all Board members are as per the table below.

Board Committees

The Board's principal Committees are the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance ("ESG") Committee. Each Committee has its own Terms of Reference, which are approved and regularly reviewed by the Board.

On the following pages, each Committee Chair reports how the Committee they chair discharged its responsibilities in FY25 and the material matters that were considered.

Following a Committee meeting, the relevant Committee Chair provides a report to the Board. Whilst not entitled to attend, professional advisors and members of senior management attend when invited to do so, as do those Directors who are not formally a member of the relevant Committee. The external Auditor attends Audit Committee meetings by invitation. No person is present at Nomination Committee or Remuneration Committee meetings during discussions pertinent to them. The Company Secretary acts as the secretary to the principal Committees.

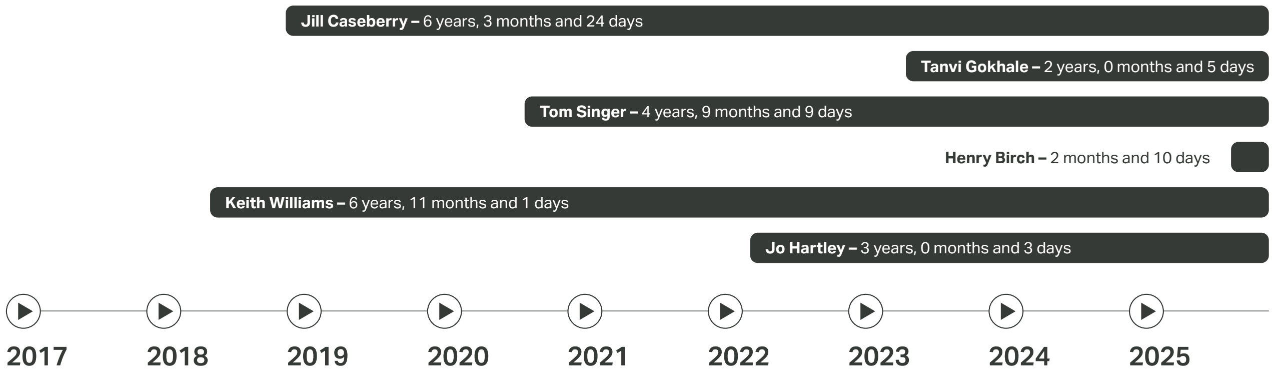
Matters which require Board approval between scheduled Board meetings can be approved by a Board Committee, which consists of a minimum of two Directors.

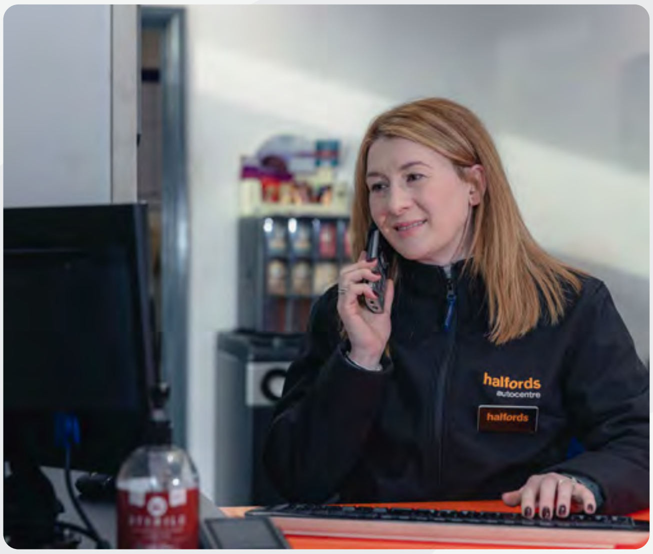
The final wording of market announcements is approved prior to release by a Disclosure Committee, which is made up of a minimum of two Directors. Five Disclosure Committee meetings were held during the period.

At Executive level, the day-to-day investment decisions of the Group are approved by an Investment Committee, chaired by the Chief Financial Officer. The Company has a Finance Risk Committee, which reviews and progresses financial governance, and a Treasury Committee, which manages the treasury needs of the Group – both of which are chaired by the Chief Financial Officer; the other members of these Executive Committees are senior members of the Finance and Treasury teams.

The Board may establish other ad hoc committees of the Board to consider specific issues from time to time.

Board tenure





CORPORATE GOVERNANCE REPORT

Division of responsibilities

Halfords Group plc Board of Directors

Nomination Committee

Key objectives

To ensure that the Board has the balanced skills, knowledge and experience to be effective in discharging its responsibilities and to have oversight of all governance matters.

Main responsibilities

Making appropriate recommendations to maintain the balance of skills and experience of the Board by:

- considering the size, structure and composition of the Board;
- considering Board and Executive Team succession plans with a commitment to improving gender and ethnic diversity; and
- identifying and making recommendations to the Board on potential Board candidates.

Chair:
Keith Williams

Members:
- Jill Caseberry
- Tom Singer
- Tanvi Gokhale

ESG Committee

Key objectives

To ensure that the Group has an ESG strategy that is aligned with the Group's strategy.

Main responsibilities

- Development of an ESG strategy including the setting of appropriate targets.
- Monitoring progress against key targets and initiatives.

Chair:
Tanvi Gokhale

Members:
- Jill Caseberry
- Tom Singer

Audit Committee

Key objectives

To provide effective governance over the Group's financial reporting processes. This includes the internal audit function and external Auditor. The Committee maintains oversight of the Group's systems of internal controls and risk management activities.

Main responsibilities

- Making recommendations to the Board on the appointment/removal of the external Auditor, and their terms of engagement and fees.
- Reviewing and monitoring the integrity of the Company's financial statements, including its annual and interim reports and preliminary results announcements and any other formal announcement relating to its financial performance, and recommending the same to the Board.
- Assisting the Board in achieving its obligations under the Code in areas of risk management and internal control.
- Focusing on compliance with legal requirements, whistleblowing, accounting standards and the UK Listing Rules.

Chair:
Tom Singer

Members:
- Jill Caseberry
- Tanvi Gokhale

Remuneration Committee

Key objectives

- To ensure that a Board policy exists for the remuneration of the Chief Executive Officer, the Chair, Non-Executive Directors, other Executive Directors and members of the Executive Management.

Main responsibilities

- Recommending to the Board the total individual remuneration package of Executive Directors and members of the Executive Management.
- Approving senior Executive remuneration and oversight of remuneration matters, generally.
- Recommending the design of the Company's share incentive plans to the Board, approving any awards to Executive Directors and other Executive managers under those plans and defining any performance conditions attached to those awards.
- Determining the Chair's fee, following a proposal from the Chief Executive Officer.
- Maintaining an active dialogue with institutional investors and shareholder representatives.

Chair:
Jill Caseberry

Members:
- Tom Singer
- Tanvi Gokhale

Chief Executive Officer

Key objectives

- Responsible for the day-to-day management of the Company.
- Develops the Group's objectives and strategy for Board approval.
- Creates and recommends to the Board an annual budget and financial plan.
- Delivers the annual budget and plan and executes the agreed Group strategy and other objectives.
- Identifies and executes new business opportunities and potential acquisitions or disposals.
- Keeps the Chair informed on all important matters.
- Manages the Group's risks in line with the Board-approved risk profile.

Chair

Key responsibilities

- Manages and provides leadership to the Board.
- Builds an effective and complementary Board of Directors.
- Sets the agenda, style and tone of Board discussions.
- Facilitates and encourages active engagement in meetings, promoting effective relationships and open communication.
- Ensures effective communication with shareholders and other stakeholders.
- Ensures the Board has acceptable oversight of ESG strategy, including climate strategy.
- Ensures that the performance of individuals and of the Board as a whole and of its Committees is evaluated at least once a year, and the results are acted upon.
- Acts as an advisor to the Chief Executive Officer.
- Meets with the Non-Executive Directors without Executive Directors being present.
- Facilitates the effective contribution of Non-Executive Directors.
- Ensures constructive relations between Executive Directors and Non-Executive Directors.

Non-Executive Directors

Key responsibilities

- Evaluate and appraise the performance of Executive Directors and Senior Management against agreed targets.
- Participate in the development of the Group's strategy.
- Monitor the financial information, risk management and controls processes of the Group to make sure that they are sufficiently robust.
- Meet regularly with senior management.
- Periodically visit Group sites, stores and Distribution Centres.
- Meet without the Executive Directors present.
- Participate in a training programme, including store visits and updates from management.
- Formulate Executive Director remuneration and succession planning.

Executive Committee

Key objectives

- Monitors performance against the implementation of the commercial plan, and approves investment against strategy.
- Acts as the senior steering group for the Transformation Programme, approving and monitoring significant programme spend and monitoring programme risk.
- Oversees the Group's risk management framework, providing assurance over risk mitigation and scanning the horizon for emerging risk.
- Approves all Group financial investment.

Senior Independent Director

- Provides a sounding board for the Chair.
- Holds meetings with the other Non-Executive Directors without the Chair at least once a year to appraise the Chair's performance.
- Acts as an intermediary for the other Directors.
- Is available to other Directors and shareholders in order to address concerns that cannot be raised through the normal channels.

Employee Voice Director

Key responsibilities

- Ensures colleague feedback is brought to the attention of the Board to help shape and influence some of the decisions that are taken.

Company Secretary

Key responsibilities

- Works closely with the Chair, Group Chief Executive Officer and Board Committee Chairs in setting the rolling calendar of agenda items for the meetings of the Board and its Committees.
- Ensures accurate, timely and appropriate information flows within the Board, the Committees and between the Directors and Senior Management.
- Provides advice on Board matters, legal and regulatory issues, corporate governance, UK Listing Rules compliance and best practice.

CORPORATE GOVERNANCE REPORT

Composition, succession and evaluation

Board performance review

A formal Board effectiveness review is conducted on an annual basis. This includes an assessment of the Board, its Committees and individual Directors.

FY24
Internal Evaluation

FY25
Internal Evaluation

FY26
External Evaluation

FY25 Board performance review process

Step One

Online surveys issued to the Board members.

Step Two

Received and analysed the feedback with the Chair of the Board. The Chair produced a note of action points to be addressed, which was circulated to the Board members.

Step Three

The Chair of each Board Committee received the evaluation report in relation to their Committee, and time was arranged to consider the findings and agree an action plan.

Step Four

Implementation and monitoring of the action plans.

The findings identified by the FY24 internal review and progress made in FY25 are as follows:

Topic	FY24 outcomes	Progress made in FY25
Understanding the business	Visit operations / Support Centre over next 12 months.	A number of Board meeting were held at the Support Centre. and some of the Board attended an investor event which was held at the Fusion store in Milton Keynes.
Understand the external perspective	Review OC&C report on future trajectory of core markets.	Received a market review presentation on the external tyre market.
Review Board papers and process	Review the process and look at length and timing of Board papers.	This is constantly reviewed and updated accordingly.
Consider post investment reviews ("PIRs")	Ensure PIRs are scheduled on the Audit Committee and Board agendas as relevant.	The Board considered post investment reviews on a major acquisition and an investment.

The findings identified by the FY25 internal review were as follows:

Topic	FY25 outcomes
Board meetings	Board presentations in FY26 focusing on colleagues, customers, suppliers and financials to provide the Board with discrete focus on these matters.
Succession on talent	Review the composition of the Board to ensure there is a sufficient number of members, covering the breadth of skill required for a complex, multi-site business.
Technical support	Ensure the business has sufficient technical capability especially given the recent cyber issues experienced by other retailers.
Provision 29	Ensure the correct capabilities and processes are put in place to provide the Board comfort when making the required attestations under Provision 29.

Risk management and internal control

The Board is responsible for the Group's risk management processes and the system of internal control. The Audit Committee has a delegated responsibility to keep under review the effectiveness of the Group's risk management and internal control framework. Throughout the year, the Committee maintained oversight to ensure a robust process is in place to monitor and evaluate the principal risks of the Group. The Group's principal risks and mitigating actions are detailed in the Strategic Report on pages 62 to 68.

The Audit Committee considers the principal and emerging risks of the business and reviews the mitigating controls with senior management. The Group Risk Committee reports on the development of the risk management framework and provides insight to the Audit Committee on regulatory and compliance risks.

Our process for identifying, evaluating and managing the significant risks faced by the Group, and assessing the effectiveness of related controls, routinely identifies areas for improvement. The Committee has neither identified nor been advised of any failings or weaknesses that it has determined to be material or significant.

The management of risk and review of the internal control environment is a continual process supported by all colleagues. The Committee supports the development of risk maturity and a strong control culture.

Annual General Meeting ("AGM")

We aim to encourage our shareholders to receive communications by electronic means, helping to make the Company more environmentally friendly. The information available on the Company's website includes current and historic copies of the Annual Report and Accounts, full and half-year financial statements, market announcements, corporate governance information, the Terms of Reference for the Audit, Nomination, Remuneration and ESG Committees and the Matters Reserved for the Board.

The AGM gives all shareholders the opportunity to communicate directly with the Board and their participation is welcomed. It is the Company's practice to propose separate resolutions on each substantial issue at the AGM. The Chair will advise shareholders on the proxy voting details at the meeting.

We look forward to seeing shareholders at our AGM on Wednesday 3 September 2025.

Tim O'Gorman
Company Secretary

25 June 2025

NOMINATION COMMITTEE REPORT

> "The Committee monitors and develops Board and Executive succession plans.
>
> **KEITH WILLIAMS**
> Chair of the Nomination Committee

Nomination Committee meetings held:

3

Committee composition

During the year the Committee comprised:

Keith Williams (C)

Tom Singer

Jill Caseberry

Tanvi Gokhale

Chair's letter

The Nomination Committee's objective is to ensure that the Board comprises individuals with the necessary skills, knowledge, experience and diversity to ensure that the Board is effective in discharging its responsibilities. The Committee also ensures that the composition and structure of the Board and its Committees are kept under constant review and nominates candidates for appointment as Directors to the Board. The Committee monitors and develops Board and Executive succession plans.

During the year, the Committee undertook an internal annual Board performance review, the details of which can be found on page 93 in the Corporate Governance Report.

Prior to signing this letter, and as detailed in our announcement on 15 April 2025, Henry Birch was appointed to replace Graham Stapleton as Chief Executive Officer with effect 15 April 2025. Russell Reynolds was appointed as advisor to the Committee in the search for external candidates for this role and this process was led by Keith Williams as Chair together with the Committee.

Russell Reynolds does not have any other connection with the Company.

Looking ahead, the key priorities for the Committee are:

- to review the size of the Board to ensure a variety of opinions are available to the Board;
- to ensure that the Board maintains the skillsets necessary to meet its strategic objectives; and
- to continue to develop an internal succession plan for the current Executive Directors.

By order of the Board

Keith Williams
Chair of the Nomination Committee

25 June 2025

Main responsibilities of the Committee

- Review the size, structure and composition of the Board and its Committees.
- Ensure plans are in place for orderly succession to the Board and senior management positions.
- Lead the process for appointments by identifying and making recommendations on potential candidates to join the Board.

Activities during the year

Two scheduled Committee meetings were held during the year and an additional unscheduled meeting was held to discuss the CEO succession. However, due to the Directors' diary commitments the March 2025 meeting was moved back by three days, which resulted in the March meeting being held on the very first working day of the next financial year, FY26. The activities reviewed at the March meeting related to FY25 and have been highlighted with a star in the list below:

- Carried out an annual review of the Committee's Terms of Reference.
- Reviewed the roles on the Executive Committee.
- Reviewed the internal FY24 Board performance review.
- Agreed to undertake an internal FY25 Board performance review.
- Reviewed the composition of the Board and its Committees.
- Recommended the election or re-election of the Board Directors at the 2025 Annual General Meeting.
- Succession planning including CEO successor.

Director training

All Directors have the opportunity for ongoing development and support via:

- A programme of visits to the Support Centre, Distribution Centres, stores and Autocentres;
- Reviews with the Chair to identify any training and development needs;
- Access to the Company Secretary for advice on governance, regulatory and legislative changes affecting the business or their duties as Directors;
- Access to independent professional advice at the Company's expense; and
- Membership of the Deloitte Academy, a training and guidance resource for Boards and Directors.

Diversity and inclusion

The Group's Diversity Policy ("Diversity Policy") sets out Halfords' commitment to eliminate discrimination and to encourage diversity and inclusion across the Board of Directors and amongst all colleagues. Halfords' Diversity Policy applies to all activities, including its role as an employer and as a provider of services, ensuring that no colleague, potential colleague, customer, visitor or contractor will receive less favourable treatment on the grounds of gender, race, ethnic origin, disability, age, nationality, national origin, sexual orientation, gender reassignment, marital or civil partnership status, pregnancy or maternity, religion, beliefs and social class.

The Company does not currently publish specific diversity targets for the majority of diversity factors, but, in practice, it has created a more balanced and diverse Board and Senior Management Team. Half of the Board is comprised of women: 25% of the Executive Team is female and 24% of their direct reports are women.

In accordance with the 2024 Parker Review update, the Group set itself a target of 7% for ethnic diversity in its senior management, defined by the Parker Review as "Company's Executive Committee or equivalent and those senior managers reporting directly to them", to be achieved by 2027. At the end of FY25, 0% of senior management were ethically diverse, this is unchanged from FY25 and will, therefore, be an area of focus for FY26. The Group remains committed to growing diversity through fair development, promotion and recruitment practices and will continue to report on progress against this target in subsequent Annual Report and Accounts. Full details of the current diversity of the Group can be found on page 73.

FY25 key activities

- Progression of succession and talent development plans for Executive Directors and within the Senior Leadership Team.

Areas of focus in FY26

- Continue to review the size of the Board to ensure a variety of opinions are available to the Board.
- Ensure that the Board maintains the skillsets necessary to meet its strategic objectives.
- Continue to review and develop the internal succession plan for the current Executive Directors.

Disclosures required by UKLR 6.6.6(R)9 and UKLR 6.6.6(R)10

As of 18 June 2025, the Group was compliant with all three of the targets on Board diversity prescribed by the UK Listing Rules as set out below:

1. at least 40% of the individuals on its board of directors are women;
2. at least one of the senior positions on its board of directors is held by a woman and;
3. at least one individual on its board of directors is from a minority ethnic background.

The 18 June 2025 date is used as the reference date for this information as it is the latest practicable date prior to the publication of the 2025 Annual Report and Accounts.

NOMINATION COMMITTEE REPORT

a. Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
Men	3	50%	2	7	78%
Women	3	50%	2	2	22%
Other/ prefer not to say	–	–	–	–	–

b. Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	5	83%	4	9	100%
Mixed/Multiple Ethnic groups	–	–	–	–	–
Asian/Asian British	1	17%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

Note: Approach to collating diversity data: All diversity information is based on voluntary self-declaration. Executive Management is defined as the most senior Executive body below the Board including the Company Secretary but excluding administrative and support staff.

Board succession

The Halfords Board considers succession planning each year in respect of both Director roles and the Senior Management Team. Senior Executives have well-developed skills and experience to fulfil their roles, and their skills are constantly updated as new challenges arise. A key factor in making better decisions is that the business has a diverse range of Directors, Executives and colleagues. Diversity and gender are monitored each year to ensure Halfords is able to identify any improvements and benefits and we are compliant with the Parker Review.

Looking ahead

Looking ahead, continuing to develop and review the internal succession plan for the Executive Directors will be a key priority, together with undertaking a review of the size, composition and succession to the Board.

Keith Williams
Chair of the Nomination Committee

25 June 2025

ESG COMMITTEE REPORT

"It has been an exciting year for Halfords marked by the launch of our new ESG strategy. This strategy is a significant milestone in our journey towards a sustainable future and reflects our purpose to "inspire and support a lifetime of motoring and cycling".

TANVI GOKHALE
Chair of the ESG Committee

ESG Committee meetings held:

2

Committee composition

During the year the Committee comprised:

Tanvi Gokhale (C)

Tom Singer

Jill Caseberry

Chair's letter

This has been a year of development for our strategic approach to ESG that has resulted in the launch of our new ESG strategy as well as establishing an enhanced approach to the governance of ESG across our business.

Our new ESG strategy is divided into three pillars: Planet, Proposition and People and encompasses a series of goals and strategic objectives designed to drive meaningful progress across our business. We want to minimise adverse environmental and social impacts throughout our value chain, extend our offering of products and services that support the low-carbon economy and build a more inclusive and diverse culture that welcomes all customers and where our colleagues thrive.

During the year, the Committee has focused on two areas primarily. The first being overseeing the creation of an ambitious and well-rounded ESG strategy that incorporates opportunities that are both commercially advantageous and have a positive impact on people and the planet. We are pleased that we are already seeing positive outcomes this year. A few highlights include the investment in an industry first lithium-powered technology in our Halfords Mobile Expert van fleet, which is reducing our emissions and operating costs, over 600,000 wiper blades and inner tubes collected for recycling and a successful pilot of tailored training and nutrition programmes to support our colleagues' physical health.

Our second focus has been to guide the formation of our new ESG governance structure to support the delivery of our ESG strategy. Our aims were to ensure that the new governance arrangements provided top-down consistency on our ESG strategy and its focus areas, better amplified the good work already being done across the business and supported embedding ESG into our everyday actions, behaviours and responsibilities. We are pleased with the progress our ESG Steering Group has been making in driving responsibility and action across the business and are looking forward to continuing to utilise these governance arrangements in FY26 and beyond.

Committee membership and responsibilities

The Committee oversees the governance of our ESG strategy and is chaired by me, Tanvi Gokhale. The Company Chair and the Chief Executive Officer, whilst not members of the Committee, attend the meetings upon the invitation of the Committee Chair. There were two Committee meetings held during the year and after each one, I reported to the Board on the key issues that we covered. I have also held informal discussions between Committee members and ESG business leaders regularly throughout the year.

The primary responsibilities of the Committee include:

- Providing oversight of and guidance for the continued development of our ESG strategy;
- Reviewing our progress against the ESG strategy goals and strategic objectives;
- Ensuring the Group continues to meet stakeholder expectations, as appropriate; and
- Ensuring all ESG-related policies are regularly reviewed and updated and remain compliant with relevant national and international regulations.

Looking ahead

In FY26, our focus is to continue the momentum we have built behind our ESG strategy in FY25 and communicate the goals, objectives and responsibilities across all aspects of our business.

In our ESG section of the Annual Report and Account, on pages 40 to 50, we explain what our priorities are across each of our pillars and what we are focusing on next. A few areas to highlight include developing our climate transition plans and the continued implementation of our decarbonisation initiatives, enhancing our service capability to support the transition to a low-carbon economy and elevating our recruitment processes to be more inclusive.

Tanvi Gokhale
Chair of the ESG Committee

25 June 2025

AUDIT COMMITTEE REPORT

> Providing oversight and challenge on financial reporting, internal control and risk management including readiness for changes in the UK Corporate Governance Code.

TOM SINGER
Chair of the Audit Committee

Audit Committee meetings held:

4

Committee composition

During the year the Committee comprised:

Tom Singer (C)

Tanvi Gokhale

Jill Caseberry

Chair's letter

I am pleased to present the report of the Audit Committee for the 52 weeks ended 28 March 2025. This report describes how the Committee has carried out its responsibilities during the period. The Committee reviews financial reporting judgements and monitors risk and the effectiveness of the system of internal control through engagement with Executive management, internal audit and the external Auditor.

During the period, the Committee considered several key issues, most notably:

- The impact of the changes to National Insurance contributions and the National Minimum Wage announced in the Government's Autumn statement and specifically with reference to Viability and Going Concern;
- The carrying value of goodwill and intangible assets, plant, property and equipment, right- of-use assets and Halfords Group plc investment in subsidiaries in light of the Government's Autumn statement and the wider continuing challenging macroeconomic environment;
- The publication of the 2024 UK Corporate Code including preparations for compliance with Provision 29;
- The accounting treatment relating to the decision to close a number of underperforming and loss making garages during the period including right of use asset impairments and dilapidation provisions;
- Progress of the Finance transformation agenda; and
- The evaluation of the FY24 audit process.

Tom Singer
Chair of the Audit Committee

25 June 2025

The ongoing difficult macroeconomic environment including the impact of increases in National Insurance contributions and National Minimum Wage announced in the Government's Autumn statement presents a continuing challenge for UK consumer-facing businesses. This backdrop further underlines the importance of a robust risk management process and strong financial controls, key topics that have been high on the agenda for the Committee in FY25.

As a consequence of the continued challenging macroeconomic environment a review of the profitability of the Autocentres physical estate was undertaken resulting in the decision to close a number of loss making and underperforming garages. The Committee reviewed the financial reporting implications of this decision.

Business and financial control improvement continues to be an area of focus for Halfords, and a Finance Transformation initiative was initiated in FY24. This is a multi-year initiative encompassing People, Processes, Controls and Technology including decisions around future ERP solutions and core systems. The longer term aims of the project will deliver a more efficient and effective control environment through the operation of automated preventative controls, aligning with ongoing work to meet the requirements of Provision 29 of the 2024 UK Corporate Governance Code. The Committee has received updates on progress at each meeting and provided appropriate challenge and oversight.

The Committee has also received updates on the 2024 UK Corporate Governance Code, including Provision 29 and has reviewed the Group's plans to comply with this Provision in FY27.

The Audit Committee received regular updates on the cyber security framework, ensuring effective oversight and alignment with the Group's broader strategic objectives. Details of current year priorities can be found on pages 61 to 68 in the Principal Risks section of the Annual Report and Accounts.

Finally, the Committee reviewed the Group's principal risks, ensuring that robust risk mitigation was in effect during the period and that emerging risks were identified and flagged appropriately.

I would like to thank the members of the Committee, the management team and our external Auditor for the open discussions that take place at our meetings and their contribution and support during the period.

Committee attendance can be found in the Corporate Governance Report on page 72.

Four scheduled and four ad hoc Committee meetings were held during the period and attended by all members. After each Committee meeting, the Committee Chair reported to the Board on the key issues discussed.

Although the Company Chair, CEO and CFO are not members of the Committee, they do attend meetings regularly and so contribute to the work of the Committee, assisting with the fulfilment of its oversight functions.

FY25 key activities

- Reviewed and approved the Committee's updated Terms of Reference.
- Carried out our responsibilities as set out in the Terms of Reference, including reviewing the external reporting to ensure it is fair, balanced and understandable.
- Reviewed and challenged the Viability Statement and Going Concern basis of preparation in advance of approval by the Board, including a review of the carrying value of goodwill. This assessment was inclusive of stress testing to ascertain the level of headroom in the plans against possible covenant breach.
- Reviewed and challenged the external Auditor's year end and half year reports.
- Reviewed the statement of external Auditor's independence.
- Reviewed and approved the external Auditor's audit strategy and fees.
- Approved the non-audit fee policy.
- Carried out a formal assessment of BDO's performance in relation to the FY24 audit.
- Monitored and reviewed controls and process improvements made during the period.
- Reviewed key and emerging risks and the effectiveness of the Group's risk management framework and considered risk appetite.
- Reviewed and challenged progress of the Internal Audit plan.
- Reviewed and approved right-of-use asset impairment policy.
- Reviewed and approved policy regarding identification and classification of non-underlying items.
- Received an update on the Group's GDPR compliance, and on health and safety matters.
- Reviewed and challenged the effectiveness of the Group's whistleblowing procedures
- Received an update on ESG reporting requirements.
- Reviewed and approved the Anti-Bribery and Corruption policy.
- Received regular updates on the Gifts and Hospitality register.
- Reviewed the plan for Halfords response to changes introduced in the 2024 UK Corporate Governance code including Provision 29.
- Requested internal Audit to advise on the formalisation of the approach to determining risk appetite.
- Requested regular reports from management on our approach to managing cyber risks and access controls over information technology systems.
- Reviewed and ensured FCA ("Financial Conduct Authority") compliance.
- Oversaw the Group's ongoing Finance transformation programme.
- Checked to ensure there is adequate distributable reserves to legally pay dividends.

Membership and remit of the Audit Committee

During the period, the members of the Committee were considered to be independent Non-Executive Directors.

Tom Singer is a Non-Executive Director and Chair of the Audit Committee of Mukuru and a Non-Executive Director and Chair of the Audit Committee of Vue International Group. Tom was also Senior Independent Director and Chair of the Audit and Remuneration Committees at DP Eurasia NV and a Non-Executive Director of Mediclinic International plc. Previously, Tom served as CFO of InterContinental Hotels Group plc and Group Finance Director of British United

AUDIT COMMITTEE REPORT

Provident Association ("BUPA"), and, as such, is considered by the Board to have recent and relevant financial experience to chair the Committee. Each of the other independent Non-Executive Directors has, through their other business activities, significant experience in financial matters.

The Committee is considered to have competence relevant to the sector in which the Group operates. The effectiveness of the Committee is reviewed at least annually through discussions at the Board and Committee and through a formal Board Performance survey.

The Company Chair, Executive Directors, senior managers and key advisors are invited to attend meetings, as appropriate, in order to ensure that the Committee maintains a current and well informed view of events within the business and reinforce a strong risk management culture. The Committee meets according to the requirements of the Group's financial calendar. The Committee meetings also provide the opportunity for the independent Non-Executive Directors to meet without the Executive Directors present and to raise any issues of concern with the internal audit team and external Auditor. There were eight such meetings during the period and nothing of note was reported.

Principal responsibilities

Financial reporting

- Review the interim and final financial statements of the Group and assess whether appropriate suitable accounting policies have been adopted, and whether management has made appropriate estimates and judgements.
- Assess the appropriateness of disclosures in the Annual Report and Accounts and ensure that it is fair, balanced and understandable.

Risk and control environment

- Assist the Board in achieving its obligations under the UK Corporate Governance Code in areas of risk management and internal control, focusing particularly on compliance with legal requirements, accounting standards and the UK Listing Rules.
- Review the risk management framework and the principal risks and mitigation strategies, including the investigation of fraudulent activity.

Internal audit

- Review reports from Internal Audit on developments in the internal control framework to ensure that an effective system of internal financial and non-financial control is maintained on an ongoing basis.

External audit

- Make recommendations to the Board on the reappointment of the external Auditor, including on effectiveness, independence, non-audit work undertaken (against a formal policy) and remuneration.

Policies

- Approve a formal Whistleblowing policy whereby colleagues may, in confidence, disclose issues of concern about possible malpractice or wrongdoings by any of the Group's businesses or any of its employees without fear of reprisal, including arrangements to investigate and respond to any issues raised.
- Approve the Group's systems and controls for the prevention of bribery and corruption, including the receipt of any reports on non-compliance.
- Approve the Group's Tax policy and published tax strategy.
- Approve the Group's Treasury policy, including foreign currency and interest rate exposure.

The Committee has reviewed its Terms of Reference and its composition during the period and believes that both remain appropriate.

The Terms of Reference for the Committees are available at **www.halfordscompany.com**.

Matters considered in relation to the financial statements

In order to discharge its responsibility to consider accounting integrity, the Committee carefully assesses key judgements applied in the preparation of the consolidated financial statements, which are set out on pages 142 to 146.

The Committee has considered the following key accounting judgements during the period:

Impairment of goodwill associated with the Group's Retail and Autocentres groups of cash-generating units ("CGUs"):

- Management is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount of goodwill is determined based on value-in-use calculations for each of the two groups of CGUs, being Retail and Autocentres see note 11 for details of the calculations and assumptions. The review concluded that an impairment charge was required against Retail goodwill of £47.9m (2024: £nil), resulting in a net book value of £355.7m. No impairment was identified in the Autocentres CGU.
- Management presented the Committee with papers setting out the results of the work performed, the methodology used, the assumptions made and the conclusions reached. Management explained the key assumptions and judgements within the calculations and how sensitive the cash flows were to changes in the key assumptions.
- After reviewing these papers and obtaining further explanation where necessary, the Committee concluded that Management's position was reasonable and included acceptable judgements.

The carrying value of investments in subsidiaries (company only)

- At the balance sheet date, the parent company held a £821.5m (2024: £817.6m) cost of investment in subsidiaries. Management performed an impairment assessment based on a value in use calculation using the same inputs as in the goodwill impairment test. Management concluded that investments were impaired by £27.3m, down to £794.2m. The Committee reviewed and challenged management's report and concurred with its conclusion.

Valuation of inventory within the Retail division:

- With the business holding a wide range of inventory and changing consumer demands, some lines will not be sold or will be sold at below the carrying value. Provisions are made to reflect this. Given the inherent difficulties of forecasting market trends, there is a risk that inventory provisions made will be inappropriate or incomplete (see note 14 of the Consolidated Financial Statements). Management has fully reviewed the inventory provision in the current period and believes the level of provisioning is appropriate. Range reviews are regularly undertaken to ensure that all discontinued inventory is identified.

- The Committee has received detailed reports from the Management team addressing this issue. The finance team has undertaken detailed work around the valuation of inventory within the Retail division. After consideration of the accuracy of the provisioning model, the completeness and accuracy of range reviews, and the reflection of these reviews within the provisions, the Committee concluded that it is satisfied with the accounting treatment of the valuation of inventory.

Non-underlying items and alternative performance measures

The Group recorded a net debit of £68.4m (2024: £3.8m) in Non-Underlying items in FY25 within continuing operations. £47.9m related to a Goodwill impairment charge in the Retail segment (see page 167). A further £12.0m related to closure costs following a review of the garage estate profitability, resulting in the closure of several loss making garages.

The Committee has reviewed management's assessment of Non-Underlying items and is satisfied that the correct accounting treatment has been applied.

Management has continued to use Alternative Performance Measures ("APMs") to provide the reader with a more insightful analysis of the Group's performance. The Committee has reviewed the use of APMs and is satisfied this strikes an appropriate balance for the benefit of the reader of the accounts.

Halfords' preparedness for UK Corporate Governance Code Changes

The Committee reviewed Halfords proposed approach for preparing to report against the 2024 UK Corporate Governance Code (the "Code"). The Code has introduced a new Provision (Provision 29), requiring boards to monitor their company's risk management and internal control framework and, at least annually, to conduct a review of its effectiveness. For Halfords financial year FY27, the annual report and accounts must contain a description of how the Board monitored and reviewed the effectiveness of the framework, a declaration of the effectiveness of material controls, and a description of any material controls that have not operated effectively (including action taken or proposed to improve them).

In FY25, Halfords continued its programme of improving financial processes. Finance controls specialists have put in place risk and control matrices and design testing programmes for Finance and Financial Reporting controls. This ensures the key controls are appropriately documented and where necessary enhancements are implemented to improve design efficiency. In the near term the enhancements are focused on opportunities to increase the robustness and resilience of the manual detective controls in operation. As the Finance Transformation initiative delivers system, process and technology enhancements this should allow financial processes and controls to be optimised, where appropriate embedding more preventative and automated controls. Work has also commenced on considering the wider scope of material controls alongside the work on Finance and Financial reporting controls and to build and extend risk capabilities within the business.

The Committee has reviewed Halfords' proposed plan for addressing the requirements necessary for the FY27 financial year. The Committee recognises the importance of continuous improvement in the effectiveness of systems and processes and is intently focused on ensuring that Halfords delivers the required improvements to its internal financial controls as well as addressing the Code changes to be reported on as part of FY27 financial year end.

External Auditor

BDO UK LLP ("BDO") present their audit plan, risk assessment, and audit findings to the Committee, identifying their consideration of the key audit risks for the period, and the scope of their work. These reports are discussed throughout the audit cycle.

Effectiveness of external audit

The effectiveness of the external audit is considered throughout the period through, amongst other factors: assessment of the degree of the audit firm's challenge of key estimates and judgements made by the business, feedback from any external or internal quality reviews on the audit and the wider quality of communication with the Committee.

The Committee reviewed the external audit planning document prepared by BDO. Following this, the Committee concluded that:

- The overall audit approach, materiality threshold, and areas of audit focus were appropriate to the business; and
- The audit team possessed the necessary quality, expertise and experience to provide an independent and objective audit.

Approach to appointment or reappointment

Halfords confirms that it was in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the financial period ended 28 March 2025.

BDO was appointed as external Auditor to the Group in 2019 following a formal tender process. The Committee considers that the relationship with the Auditor is working well and is satisfied with its independence, objectivity and effectiveness and has not considered it necessary to require BDO to re-tender for external audit work this period. The Committee has recommended to the Board, for approval by shareholders at the Annual General Meeting on 3 September 2025, the reappointment of BDO as external Auditor. The Committee monitors, and will continue to comply with, best practice and external guidance with respect to the frequency of audit tenders.

Approach to safeguarding objectivity and independence if non-audit services are provided

The Committee has established a policy to ensure that any non-audit services delivered by the external Auditor will not jeopardise objectivity and independence. The policy is consistent with the Ethical Standards for Auditors.

The policy specifies:

"The external Auditor can be used to provide non-audit services subject to any non-audit engagement proposal provided by the external Auditor being formally approved by the Audit Committee before contractual arrangements are entered into, except for activities set out in a list of prohibited activities. Other than for these, for each separate service proposed to be provided by the external Auditor, the Chief Financial Officer will prepare a note either to be tabled and minuted at an Audit Committee meeting or to be circulated via email to the Audit Committee members and the Chief Executive Officer giving a description of the work to be

AUDIT COMMITTEE REPORT

undertaken, the reasons why the external Auditor is involved in the proposal and how objectivity and independence has, and is seen to be, safeguarded.

In addition, the fees for any proposal for non-audit services will not exceed 70% of the three-year average statutory audit fees when taken into consideration with total fees for non-audit services already committed in the financial year.

Consent is required from the Audit Committee Chair, on behalf of the Audit Committee, before the external Auditor can be engaged for non-audit services."

In addition, the external Auditor follows its own ethical guidelines and continually reviews its audit team to ensure that its independence is not compromised.

An analysis of the fees earned by the external Auditor is disclosed in note 3 to the Consolidated Financial Statements on page 161.

Role and effectiveness of internal audit

Internal Audit follows an annual risk-based programme of audits to review the effectiveness of the control environment. The Committee reviews the annual audit programme for coverage and may revise it according to changing business circumstances or requirements. The Committee ensures that there are sufficient resources to undertake the audit programme.

The Head of Internal Audit attends each Committee meeting, providing a summary of audit findings and an update on progress against the plan. The Committee also reviews the status of the implementation of audit recommendations ranked by age and level of risk to the business. All Internal Audit reports are shared upon completion with the external Auditor. Internal audits are financial and non-financial and, during the period, included Taxation, Payroll, Financial Controls and Inventory controls in Garages.

The Head of Internal Audit reports to the CFO but maintains direct and regular communication with the Audit Committee Chair outside of Committee meetings.

The Committee is satisfied that the Internal Audit team has the quality, experience, and expertise appropriate for the business.

Alongside the Internal Audit programme, the team also continued to drive the Group's risk management framework.

Whistleblowing

A Whistleblowing policy and procedure (the "Policy") enables colleagues to report concerns on matters affecting the Group or their employment, without fear of recrimination. Posters publicising whistleblowing channels are distributed to all stores, Autocentres, Distribution Centres and the Support Centre.

The Policy was reviewed and approved by the Committee, and the Company Secretary provides the Committee with a regular summary of whistleblowing contacts and resolutions.

Anti-bribery and corruption policy

The Group's Anti-Bribery and Corruption policy statement reinforces that the Halfords Board is committed to conducting its business affairs in a way that ensures it does not engage in or facilitate any form of corruption. It is Halfords' policy to prohibit all forms of corruption amongst its colleagues, suppliers and any associated parties acting on its behalf. The Group has a detailed Anti-Bribery and Corruption policy and maintains a Gifts and Hospitality Register. Anti-bribery expectations are set out in standard purchasing terms and conditions. Face-to-face and online training has been provided to colleagues to raise awareness of anti-bribery and corruption legislation.

The Committee has requested that anti-bribery and corruption safeguards are periodically reviewed by Internal Audit.

Internal control and risk management

The Board is responsible for the Group's risk management processes and the system of internal control. The Committee has responsibility for maintaining oversight of the Group's framework for risk management. An Executive Risk Committee reports to the Committee on the risk management framework, providing insight on principal and emerging risks, risk appetite and ongoing updates on regulatory and compliance risk.

At each meeting during the period, the Committee received a presentation on the Group's control framework in preparation for changes to the UK's governance and reporting.

Further details of the Group's internal control and risk management framework are set out on pages 60 to 68.

Tom Singer
Chair of the Audit Committee

25 June 2025

REMUNERATION COMMITTEE REPORT

"

Our incentive outcomes for FY25 represent the excellent set of results considering the difficult trading conditions and inflationary headwinds.

JILL CASEBERRY
Chair of the Remuneration Committee

Remuneration Committee meetings held:

4

Committee composition

During the year the Committee comprised:

Jill Caseberry (C)

Tanvi Gokhale

Tom Singer

Chair's letter

On behalf of the Remuneration Committee, I am pleased to present the Remuneration report for the financial year ended 28 March 2025.

The report consists of four sections:

- This Chair's statement providing a summary of pay outcomes for FY25 and our approach for FY26;
- Remuneration at a glance;
- A summary of our Directors' Remuneration Policy – The Company's Directors' Remuneration Policy (the "Policy") was approved at the 2023 Annual General Meeting (the "AGM"). A copy of our full Policy is available on our website (Remuneration Policy – Halfords Group plc (**www.halfordscompany.com/environment-social-and-governance/governance/policies/remuneration-policy**/); and
- The annual Directors' Remuneration report – this summarises the remuneration outcomes for FY25 and explains how we intend to apply the Remuneration Policy in FY26.

Performance in the year

Our outcomes for FY25 represent an excellent set of results considering the difficult trading conditions.

The focus of the management team has been to deliver on the areas that are within its control, focusing on our customers, driving efficiency in our operations to offset £32m of inflationary cost and the continued delivery of strategic initiatives including our Fusion motoring services offer.

This has delivered bottom line growth and an underlying profit before tax increase of 6.4% to £38.4m year on year.

Looking forward to FY26, the management team has a continued focus on improving health and safety standards following the two fatalities in FY25 and to continue delivering the strategic initiatives that have created the foundations for growth.

Remuneration outcomes in respect of the year

The annual bonus for FY25 was based 90% on financial measures (60% Underlying Group Profit Before Tax, 20% Free Cash Flow and 10% Cost as a percentage of sales) and 10% on non-financial metrics (5% Customer NPS and 5% Colleague Engagement).

Reflecting the strong business performance, the on-target performance targets for underlying PBT was exceeded. Free cash flow performance was £43.0m which exceeded the maximum. Whilst the Group delivered material central costs savings, cost as a percentage of sales performance was below threshold. This resulted in 74.4% of the maximum opportunity payable for the financial measures.

For the non-financial measures, whilst inflation and associated price rises were expected to negatively impact Customer NPS, the focus on customer service across the Group delivered a Customer NPS score of 67.5 up 200bps versus FY24, exceeding the maximum target set. Colleague engagement continues to be strong, delivering a year-on-year improvement above our retail peers. This resulted in the maximum opportunity being payable across these two measures.

When determining the final bonus payable outcome, in addition to considering the overall stakeholder experience, performance against financial metrics and payouts for colleagues, the Committee also considered the Group's health and safety record for FY25. As a result of the two fatalities, the Committee has reduced the bonus payable to the Executive Directors by 6% of maximum opportunity. Further details on health and safety can be found on page 51.

Therefore, the annual bonus payable for Executive Directors for FY25 was reduced from 84.4% to a final 78.4% of the maximum opportunity.

The 2022 Performance Share Plan ("PSP") was based on Underlying EPS performance (50% of the award), Group services-related sales (20% of the award) and Relative TSR (30% of the award). Whilst the threshold for vesting was not achieved for the Underlying EPS and Relative TSR measures, following the continued growth of our Services proposition, including the ongoing success of our Fusion concept roll-out, the threshold performance for Group services-related sales was exceeded. This results in 12.71% of the maximum award vesting. Vested awards will be subject to a two-year holding requirement. The Committee also considered the outcome in the context of windfall gains. However, noting that the awards were reduced to 175% of salary (from 200%) for the CEO to mitigate this and that the share price is broadly similar to that on grant, it was determined that the overall outcome was appropriate, and no discretion was applied.

Leaving arrangements for Graham Stapleton

Graham Stapleton stepped down as Chief Executive Officer effective from 15 April 2025. Graham will receive remuneration in line with his contractual entitlements which includes payment in lieu of salary and benefits for his six months' notice period.

Graham will receive an annual bonus for FY25 and a pro-rated annual bonus for FY26 with any bonus payable in cash, subject to the agreed performance conditions. Graham will be treated as a "good leaver" in respect of his outstanding awards under the DBP and PSP and treatment of the awards was in accordance with the Policy and the relevant plan rules. Further details of remuneration arrangements in respect of Graham's departure can be found on page 118.

Joining arrangements for Henry Birch

Henry Birch was appointed as Chief Executive Officer on 15 April 2025. Henry's remuneration arrangements are consistent with the Remuneration Policy approved by shareholders at the 2023 AGM and his predecessor in the role. Henry's basic annual salary will be £650,000 and he will be eligible for a maximum annual bonus of 150% of base salary and a PSP award of 200% of base salary. Pension and benefits are in line with Policy. There is no buyout of any remuneration or incentives relating to Henry's previous roles.

Remuneration for FY26

The Committee reviewed the performance measures for FY26, and in order to better align with key strategic priorities the Committee determined that it is appropriate to revert to the previous structure whereby 80% of the bonus is based on financial measures and 20% on strategic and non-financial measures. The financial measures for FY26 will be 60% Group profit before tax, 10% free cash flow and 10% cost as a percentage of sales. In addition, 10% of the bonus will be based on the Committee's assessment of progress against key strategic milestones during the year which are necessary for the long-term success of the business (payout of bonus against this measure will be subject to a PBT underpin). 5% will continue to be based on customer net promoter score and for the final 5% a health and safety measure has been introduced (replacing colleague engagement). This change reflects a renewed focus on improving health and safety standards.

The non-financial component of the annual bonus plan (20%) now includes Health and Safety (5%), replacing Colleague Engagement. This change reflects both a continued focus on improving health and safety standards and allows for a broader internal reassessment of the methodology for measuring colleague engagement. The remaining non-financial metrics will include Customer Net Promoter Score (5%, maintained from the prior year) and a new personal strategic objectives measure (10%).

The inclusion of personal strategic objectives directly link bonus payouts to the delivery and success of key strategic initiatives that are critical as a foundation for our long-term success. Payout of bonus against this measure will be subject to a PBT underpin.

As the targets for FY26 are commercially sensitive, they will be disclosed in full in the FY26 Directors' Remuneration report.

The PSP metrics will remain unchanged for FY26 (40% EPS, 40% Relative TSR, and 20% Service-Related Sales), reflecting their continued alignment with the Company's strategy and the successful delivery of the Fusion plan. Targets for the FY26 PSP will be included in the RNS at the date of award.

2024 PSP awards

- PSP awards were granted on 3 December 2024 at 200% of base salary to the CEO and CFO.
- Awards were based on Underlying EPS Growth (40%), Relative TSR (40%) and Group Services-Related Sales (20%). In light of the macroeconomic uncertainty around the time of award, the Committee was still reviewing the performance measures and targets for the 2024 PSP awards and these were not disclosed with the FY24 Remuneration report. These targets were determined before the award was made and are now set out on page 118.

REMUNERATION COMMITTEE REPORT

Salaries will be reviewed in the year with increases effective from 1 October 2025. The Committee's intentions are that increases will not exceed those for the wider workforce. Pension allowances for both Directors have been aligned with the maximum employer pension contribution currently available to the majority of the workforce of 3%.

Review of Policy

During the year, we will be undertaking a review of the Directors' Remuneration Policy to ensure that it remains fit for purpose and continues to support the delivery of the business strategy and the creation of shareholder value. We will be submitting a revised policy to shareholders at the 2026 AGM, and we look forward to engaging with shareholders in advance in relation to the Policy.

Concluding remarks

The Committee is committed to an open dialogue with shareholders and institutional investor bodies on remuneration matters and is also aware of the importance of considering broader stakeholder experiences in the year, including shareholders and our colleagues. This is reflected in our consistent use of discretion where outcomes are not representative of business performance or colleague experience in the year.

The Committee also considers voting on AGM resolutions and is pleased with the high level of support received, historically, both for its Annual Reports on Remuneration and for the renewal of the Remuneration Policy in 2023.

Additionally, the Committee has sought to promote a remuneration environment that strongly aligns the commercial direction of the Group with the interests of shareholders and regularly keeps up to date with best practice developments and market trends.

I look forward to your support for the FY25 Annual Directors' Remuneration report at the AGM.

Jill Caseberry
Chair of the Remuneration Committee

25 June 2025

Remuneration at a glance

At Halfords, the reward principles and framework are consistent across all colleague populations, although remuneration levels vary to reflect market salary and benefits benchmarks across all roles.

	Colleagues	Managers	Senior Managers	Executive Team
Salary	Y	Y	Y	Y
Pension	Y	Y	Y	Y
Paid holiday	Y	Y	Y	Y
Share plans	Y	Y	Y	Y
Bonus/incentives	Y	Y	Y	Y
Death in service	Y	Y	Y	Y
Car allowance or car	Job need	Market dependent	Y	Y
Private medical	N	N	Y	Y

Why is reward structured differently at senior levels?

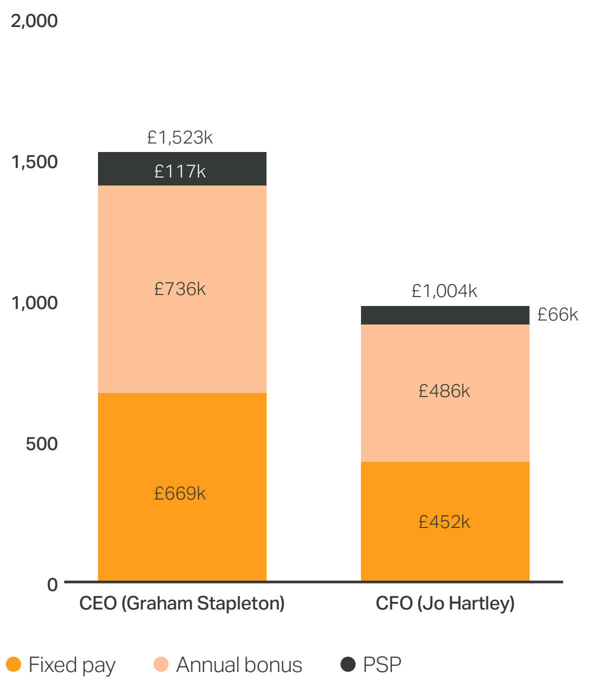
The UK Corporate Governance Code protects the interests of shareholders by ensuring that reward is structured in a way that ensures Executives make the right long-term decisions for the business to deliver sustainable long-term shareholder value in a way that is consistent with our culture and values. As a consequence, a high proportion of Executive reward is directly linked to long-term performance, resulting in "variable pay", which only pays out when the Company does well. The Executive Directors participate in two variable reward plans as follows (further details can be found on pages 110 to 112):

Annual Bonus	Targets are assessed over the financial year based on performance against financial and strategic measures (one-third of any payment is deferred into a Deferred Bonus Plan for three years after payment).
Performance Share Plan ("PSP")	Targets are assessed over three financial years. Vested awards are subject to a two-year holding period.

Single total figure of remuneration for Executive Directors for the year ended 28 March 2025

Fixed pay comprises base salary, benefits and pension. Variable pay comprises the annual bonus and PSP award. Further information on the single figure of remuneration can be found on page 114.

FY25 Executive Directors' remuneration



Aligning pay with performance

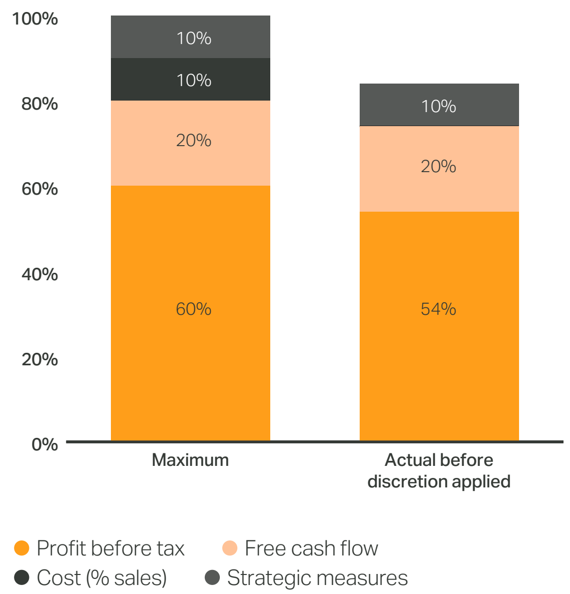
Discretion applied to the annual bonus so final outturn was 78.4%. See pages 114 and 115 for further detail.

Key Performance Indicator	Result	Outturn
FY25 Annual Bonus		
Profit before tax	£38.4m	90.6%
Free cash flow	£43.0m	100%
Cost (% sales)	48.5%	nil
Strategic measures	n/a	100%
Discretion applied	n/a	(6)%
2022 PSP		
Relative TSR	Below median	nil
Underlying basic EPS	13.8p	nil
Group services-related revenue	£888m	12.7%

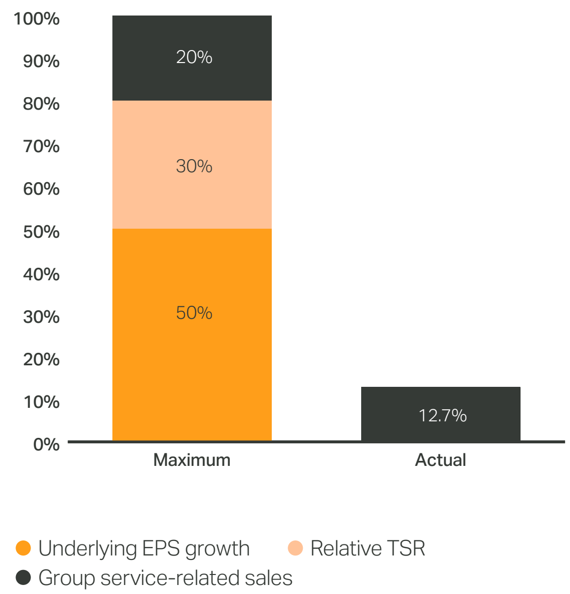
Annual bonus and long-term incentive plan outcomes

The charts below show the results of the performance targets for the annual bonus and PSP. Further information on the outcomes for the annual bonus is shown on page 114 and for the PSP on page 115.

FY25 annual bonus



2022 PSP



REMUNERATION COMMITTEE REPORT

Aligning our performance measures to our strategy

Over the past few years, our strategy has remained unchanged with motoring and cycling products and services remaining at the core of our proposition. However, as we continue to evolve into a consumer and B2B services-focused business, we placed greater emphasis on motoring, generating higher and more sustainable financial returns.

As such, we have sought to ensure that the performance measures for our incentive awards reflect our strategic ambitions. The table below provides a summary of our alignment.

FY26	Alignment to strategy	Alignment to Our stakeholders' interests
Annual bonus		
Underlying Group PBT	PBT is one of the main KPIs assessing the profitability of our business and provides stakeholders with information on trends and performance before the effect of non-underlying items.	Financial, shareholders
Free cash flow	Strong cash flow enables investment in our plan and returns to shareholders, whilst aligning with broader aims to maintain a strong balance sheet.	Financial, shareholders
Cost as a percentage of sales	Cost management remains a key focus for FY26, aligned with delivering our profit ambitions and shareholder value generation	Financial, shareholders
Group NPS	As our business continues to evolve to be more consumer and B2B services focused, this measure focuses our commitment to customer service.	Customers, shareholders
Health and safety	Creating a safety-first environment for our colleagues and customers.	ESG, financial, customers, shareholders, colleagues
Strategic measures	The delivery of key strategic priorities in FY26 is critical as a foundation for our long-term success.	Financial, customers, shareholders
Performance share plan		
Relative TSR	Aligns management with the wider shareholder experience and reinforces our ongoing focus in shareholder value creation.	Financial, shareholders
EPS	EPS is a measure of our investment thesis and indicates whether we are achieving our aim to manage revenues, margins and invest in long-term growth.	Financial, shareholders
Group services-related sales	An indicator of our progress towards the ambition to become a consumer and B2B services-focused business with over half our business in services.	Financial, customer, shareholders

Directors' Remuneration Policy summary report

Our Directors' Remuneration Policy (the "Policy") was approved by shareholders at the 2023 AGM. The full Policy is available on the Company's website but as context for the rest of this report, the main elements of the Policy, as well as how the Policy was implemented during the year and how it will be implemented in FY26, are summarised below:

Elements	Objective	Key features	Implementation in FY25	Implementation in FY26
Base salary	To attract and retain management of a high calibre.	Normally reviewed annually with increases effective from 1 October. Salary increases generally in line with the wider employee workforce.	Graham Stapleton: £635,202 Jo Hartley: £419,055 Increased by 3%, with effect from 1 October 2024.	Henry Birch: £650,000 Jo Hartley: £419,055 Salaries will next be reviewed with effect from 1 October 2025 and it is expected that any increase will not exceed the increase received for the wider workforce.
Benefits	Provide market competitive benefits consistent with the role.	Set at an appropriate level taking into account the individual's circumstances, market practice and other employees in the Group.	Executive Directors received benefits in relation to a car plus fuel or a cash allowance, private health insurance and life assurance. Jo Hartley also receives a travel allowance.	Remain unchanged.
Pension	To provide individuals with retirement arrangements.	Pension is aligned with the maximum employer pension contribution available to the majority of the UK workforce (currently 3% of base salary).	Executive Directors received a 3% base salary pension contribution.	Henry Birch and Jo Hartley will receive a pension opportunity of 3% of salary.
Annual bonus	Incentivise the achievement of annual financial targets and key strategic, operational and ESG objectives.	Maximum opportunity of 150% of salary with one-year performance period. One-third deferred into shares for three years. The Committee may, in its discretion, adjust payments, if it considers that the outcome does not reflect underlying financial or non-financial performance. Malus and clawback provisions apply.	Based on 90% financial measures and 10% strategic measures (full details on page 114). The Committee considered the overall outcome in the context of wider business performance in the year including our health and safety performance and, in light of the two fatalities during the year, determined that downwards discretion should be applied by 6%, reducing the outcome to 78.4% of maximum opportunity.	Henry Birch: 150% of salary (pro-rated from date of joining), reducing the outcome to 78% of maximum opportunity. Jo Hartley: 150% of salary. For FY26, measures will be 80% financial measures and 20% strategic measures: • Underlying Group profit before tax 60%; • Free cash flow 10%; and • Cost as a percentage of sales 10%. Personal strategic objectives 10%, customer NPS 5% and health and safety 5%.

Elements	Objective	Key features	Implementation in FY25	Implementation in FY26
PSP	Align Executive Directors' interests with those of our shareholders by incentivising them to deliver the Company strategy and to create a sustainable business and maximise returns to shareholders.	Maximum opportunity of 200% of salary. Three-year performance period. Two-year holding period after vesting. The Committee may, in its discretion, adjust payments, if it considers that the outcome does not reflect underlying financial or non-financial performance. Malus and clawback provisions apply.	Graham Stapleton and Jo Hartley were granted awards of 200% of salary in the year. Awards granted in December 2024 were based on: • EPS growth 40%; • Group services-related revenue 20%; and • Relative TSR vs. the FTSE All Share General Retailers Index 40%. Targets are disclosed on page 115.	Henry Birch and Jo Hartley will be granted awards of up to 200% of salary. Consideration will be given to share price performance and stakeholder experience when determining the award prior to the date of grant. FY26 awards will be subject to the following performance conditions: • EPS growth 40%; • Group services-related revenue 20%; and • Relative TSR vs. the FTSE All Share General Retailers Index 40%.
Shareholding guidelines	Align individuals with shareholders.	Executive Directors are expected to build and retain a shareholding with a value equal to at least 200% of their annual base salary. Expectation that 75% of any post-tax shares that vest from incentive plans is retained until the guideline is met. Executive Directors will normally be expected to maintain a minimum shareholding of 200% of salary (or actual shareholding if lower) for two years following stepping down as an Executive Director.	Executive Directors were subject to a 200% of salary shareholding guideline.	No change in the shareholding guidelines. In line with the Remuneration Policy, Henry Birch will be expected to build and retain a shareholding of 200% of annual base salary with 75% of any post-tax shares that vest from incentive plans retained until the guideline is met.

Structure and content of the Remuneration report

This Remuneration Report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). This Remuneration Report meets the requirements of the UK Listing Rules and the Disclosure Guidance and Transparency Rules.

The information set out below represents auditable disclosures referred to in the Independent Auditor's Report on pages 132 to 141, as specified by the UK Listing Authority and the Regulations.

Committee composition

During the year, the Committee consisted of:

- Jill Caseberry (Chair)
- Tom Singer
- Tanvi Gokhale

Four scheduled Committee meetings were held during the year and were attended by all relevant members at the time of the meeting.

After each Committee meeting, the Remuneration Committee Chair reported to the Board on the key issues that had been discussed.

A number of informal discussions were also held with the Committee members throughout the year when the need arose.

Activities during the year

During the year, the Policy operated as intended. The Committee undertook the following activities:

- Reviewed and approved the Directors' Remuneration Report published in the FY24 Annual Report and Accounts.
- Discussed and approved incentive outcomes for FY24.
- Reviewed and approved organisational design changes.
- Approved grants under the Company's share schemes.
- Considered the approach to implementing the Remuneration Policy for FY25, including setting Executive Director and Chair salaries/fees from 1 October 2024. Non-Executive Director fees are determined by the Chair and the Executive Directors.
- Reviewed considering and setting the approach to performance measures for the FY25 annual bonus and performance share plans.
- Reviewed the mechanics and assets of the Employee Benefit Trust and hedging arrangements.
- Discussed and approved remuneration arrangements for the Executive Management team below the Board.
- Reviewed the Committee's Terms of Reference.
- Reviewed and approved new share plan rules for the UK Sharesave, the International Sharesave and the Company Share Option Scheme.
- Reviewed remuneration arrangements for the wider workforce and took these into account when considering Executive pay.
- Received a market update on the Executive pay landscape.
- Received an update on the gender pay report.
- Reviewed and approved the appointment of remuneration advisors and set the appropriate fee.

Advisors and other attendees

During the year, the Committee has been supported by the Chief Property and People Officer and the Reward Director together with the Company Secretary (who acts as secretary to the Committee). The Chief Executive Officer and Chief Financial Officer also attend Committee meetings on occasion, at the request of the Committee; they are not present when their own remuneration is discussed. In carrying out its responsibilities, the Committee is authorised to obtain the advice of external independent remuneration consultants and is solely responsible for their appointment, retention and termination. During the year, the Committee has taken advice from Deloitte LLP ("Deloitte"), which advised on remuneration reporting, share option evaluations and other remuneration matters. Deloitte also provided unrelated advice on debt advisory work, tax services, financial reporting and legal support during the year. Total fees paid to Deloitte in respect of remuneration advice were £51,875 charged on a time and materials basis.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to the Remuneration Consultants Group Code of Conduct when providing services. The Committee considers Deloitte's advice independent and impartial and is also satisfied that the Deloitte engagement team that advises the Remuneration Committee does not have connections with the Company or its Directors that might impair their independence. The Committee considered the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Shareholder dialogue

The voting outcome from the 2024 AGM held on 6 September 2024 showed strong support for the revised Directors' Remuneration Policy (the "Policy"). Furthermore, the voting outcome from the 2023 AGM showed strong support for our FY23 Directors' Remuneration report. The following table sets out the votes cast at the 2023 AGM in respect of the Policy and the FY24 Directors' Remuneration report.

	% of Votes For	% of Votes Against
FY24 Directors' Remuneration report*	99.16%	0.84%
FY23 Remuneration Policy**	99.23%	0.77%

* 16,021 votes (0.009% of votes) were withheld in relation to this resolution.

** 40,189 votes (0.02% of votes) were withheld in relation to this resolution.

We continue to be mindful of the views of our shareholders and other stakeholders and encourage discussion with shareholders on any issue related to Executive remuneration.

In the event of a substantial vote against a resolution in relation to Directors' remuneration, we would seek to understand the reasons for any such vote to determine appropriate actions and detail any such actions in response to it in the Directors' Remuneration report.

Annual Report on Remuneration

How the Remuneration Policy was Implemented in FY25 – Executive Directors

Single remuneration figure (audited)

2024/25	Base Salary (£)	Benefits (£)	Pension (£)	Other (£)	Total Fixed (£)	Bonus (£)	PSP (£)	Total Variable (£)	Total "Single Figure" (£)
Graham Stapleton	**625,951**	**25,234**	**18,509**	**–**	**669,694**	**736,118**[1]	**117,106**[3]	**853,224**	**1,522,918**
Jo Hartley	**412,953**	**27,299**	**12,211**	**–**	**452,463**	**485,632**[2]	**66,220**[3]	**551,852**	**1,004,315**
2023/24									
Graham Stapleton	607,719	24,758	17,962	–	650,440	–	–	–	650,440
Jo Hartley	400,940	12,225	11,850	–	425,015	–	–	–	425,015

1 Bonus payable for Graham Stapleton will be paid fully in cash and not deferred.

2 One-third of bonus payable for Jo Hartley will be deferred into shares for a period of three years.

3 For 2024/25, the 2022/23 PSP has been valued based on the average share price during the three-month period to 28 March 2025 of £1.298 and a vesting outcome of 12.71% as referenced on page 115. The share price used to determine the level of award was £1.671; therefore, no portion of the value disclosed is attributable to share price appreciation over the performance period. No discretion has been exercised in relation to share price changes.

Benefits

Benefits include payments made in relation to a car cash allowance and fuel and private health insurance. For Graham Stapleton, the car allowance plus fuel came to £21,699 and for Jo Hartley £11,200. Jo Hartley also received a taxable travel allowance of £14,783.

Pension

Pension payments represent contributions made either to defined contribution pension schemes or as a cash allowance. Both Graham Stapleton and Jo Hartley received an allowance of 3% of base salary to ensure alignment with the maximum employer pension contribution available to the majority of the workforce.

FY25 annual bonus

The annual bonuses for FY25 for the Executive Directors were as follows:

Measures	Weighting	Threshold (15%)	Target (50%)	Maximum (100%)	FY25 Achievement	FY25 Outturn
Underlying PBT (£m)	60%	£23.0m	£31.5m	£40m	£38.4m	54.4%
Free Cash Flow (£m)	20%	£15.9m	£23.4m	£30.9m	£43.0m	20.0%
Cost (% of Sales)	10%	48.25%	48.00%	47.75%	48.5%	0%
Group Colleague Engagement	5%	71%	72%-73%	74%	75%	5.0%
Group NPS	5%	66.1%	66.3%	66.5%	67.5%	5.0%
Total	100%					84.4%

In determining the outcome of the annual bonus plan, the Committee and the Executive Directors took into account a number of factors including overall stakeholder experience, performance against financial metrics, payouts for colleagues and our health and safety record.

As a result of our health and safety record including two fatalities for FY25, the Committee has applied discretion and reduced the FY25 bonus outturn by 6%. Therefore, the final percentage of opportunity payable for Graham Stapleton and Jo Hartley will be 78.4%.

For Jo Hartley, one-third of the total bonus payable will be deferred for three years into shares through an equivalent award under the deferred bonus plan. For Graham Stapleton, as per the terms of his departure, the total bonus payable will be paid in cash. All bonuses remain subject to malus and clawback conditions.

Performance outcomes for 2022 PSP awards

Metric	Weighting	Threshold targets (25% vesting)	Maximum targets (100% vesting)	Performance	% total award vesting
Group services-related sales (total of sales for FY23 to FY25)	20%	£840.6m	£934.0m	£888.6m	12.71%
Underlying EPS growth – CAGR	50%	24.7p	34.5p	13.8p	0%
Relative TSR	30%	Market median	Upper quartile	below median	0%
Total					12.71%

Share awards granted during the year (audited)

Performance Share Plan

During the period, the following awards were granted to the Executive Directors under the Performance Share Plan ("PSP") as follows:

	Date of award	Type of award	Number of shares[1]	Maximum face value of award[2]	Threshold vesting (% of award)	Performance period
Graham Stapleton	3 Dec 2024	Nil cost option (0p exercise price)	857,800	£1,270,402	25%	1 Apr 2024 to 3 Apr 2027
Jo Hartley	3 Dec 2024	Nil cost option (0p exercise price)	565,908	£838,110	25%	1 Apr 2024 to 3 Apr 2027

1 Awards based on 200% of salary.

2 Based on the average mid-market price on three preceding days of the awards of £1.481 on 3 December 2024.

Performance conditions

The performance conditions and targets for PSP awards granted during FY25 are as follows:

		Underlying EPS growth – CAGR (40% of the award)	Relative TSR (40% of the award)	Group services-related sales (total of sales for FY25 to FY27) (20% of the award)
Award (200%)	100% vesting	22.4 pence or higher	Upper quartile	Above £1,021m
	Straight-line vesting	Between 13.0 pence and 22.4 pence	Between market median and upper quartile	Between £924m and £1,021m
	25% vesting	13.0 pence	Market median	£924m
	0% vesting	Below 13.0 pence	Below market median	Below £924m

The award shares that vest will become exercisable in 2027. The shares that vest will be subject to a two-year holding period.

Deferred Bonus Plan

During the period, no awards were granted under the Deferred Bonus Plan ("DBP").

REMUNERATION COMMITTEE REPORT

Outstanding share awards (audited)

Performance Share Plan ("PSP")

The following summarises outstanding awards under the PSP:

	Award date	Grant price[7] (£)	Awards held 30 Mar 2024	Awarded during the period	Dividend reinvestment[8]	Forfeited during the period	Lapsed during the period	Exercised during the period	Awards held 28 Mar 2025	Performance period years to	Holding period to
Graham	20 Sept 2019[1]	1.696	667,149	–	–	–	–	667,149	–	1 Apr 2022	1 Apr 2024
Stapleton	16 Oct 2020[2]	2.425	260,976	–	15,083	–	–	–	276,059	31 Mar 2023	31 Mar 2025
	7 Oct 2021[3]	2.921	434,140	–	–	–	434,140	–	–	29 Mar 2024	–
	21 Oct 2022[4]	1.671	671,055	–	38,785	619,620	–	–	90,220	28 Mar 2025	28 Mar 2027
	12 Dec 2023[5]	1.91	656,697	–	37,955	–	–	–	694,652	3 Apr 2026	3 Apr 2028
	3 Dec 2024[6]	1.48	–	857,800	20,042	–	–	–	877,842	30 Mar 2027	30 Mar 2029
Jo											
Hartley	21 Oct 2022[4]	1.671	379,463	–	21,931	350,377	–	–	51,017	28 Mar 2025	28 Mar 2027
	12 Dec 2023[5]	1.91	433,236	–	25,039	–	–	–	458,275	3 Apr 2026	3 Apr 2028
	3 Dec 2024[6]	1.48	–	565,908	13,222	–	–	–	579,130	30 Mar 2027	30 Mar 2029

1 The 2019 award granted on 20 September 2019 vested at 100% in April 2022, a two-year deferral period was attached to the award. The deferral was applied as a gross holding retention period, which meant the award could not be exercised until the second anniversary of vesting (April 2024). The award continued to attract dividend reinvestment shares during the deferral period. Graham exercised the award on 12 July 2024.

2 The 2020 award granted on 16 October 2020 vested at 50% in April 2023, a two-year deferral period is attached to the award. The deferral is applied as a gross holding retention period, which means the award cannot be exercised until the second anniversary of vesting (April 2025). The award continues to attract dividend reinvestment shares during the deferral period.

3 The 2021 award granted on 7 October 2021 lapsed in full, and therefore previous outstanding shares held have been forfeited.

4 The 2022 award granted on 21 October 2022 will vest at 12.71% in April 2025. A two-year deferral period is attached to the award. The deferral will be applied as a gross holding retention period, which means the award can not be exercised until the second anniversary of vesting (April 2027). The award continues to attract dividend reinvestment shares during the deferral period.

5 The 2023 award granted on 12 December 2023 is subject to 40% underlying EPS growth (25% vesting at 26.6p in FY26, 100% vesting at 35.5p in FY26), 40% to Relative TSR (25% vesting achieving below market median, 100% vesting achieving upper quartile), and 20% to Group services-related sales (25% vesting for £851.4m, 100% vesting for £946.0m).

6 The 2024 award granted on 3 December 2024 is subject to 40% underlying EPS growth (25% vesting at 13.0p in FY27, 100% vesting at 22.4p in FY27), 40% to Relative TSR (25% vesting achieving below market median, 100% vesting achieving upper quartile), and 20% to Group services-related sales (25% vesting for £924m, 100% vesting for £1,021m).

7 The grant price is calculated by taking the mid-market average across the three preceding days prior to the grant date.

8 The interim and final dividends have been reinvested in shares at prices between £1.284 and £1.486.

Deferred Bonus Plan ("DPB")

	Award date	Grant price[1] (£)	Awards held 30 Mar 2024	Awarded during the period	Dividend reinvestment[3]	Forfeited during the period	Lapsed during the period	Exercised during the period	Awards held 28 Mar 2025	Vesting
Graham	30 June 2021[2]	4.312	68,488	–	–	–	–	68,488	–	30 June 2024
Stapleton	30 June 2022	1.429	176,133	–	10,179	–	–	–	186,312	15 April 2025

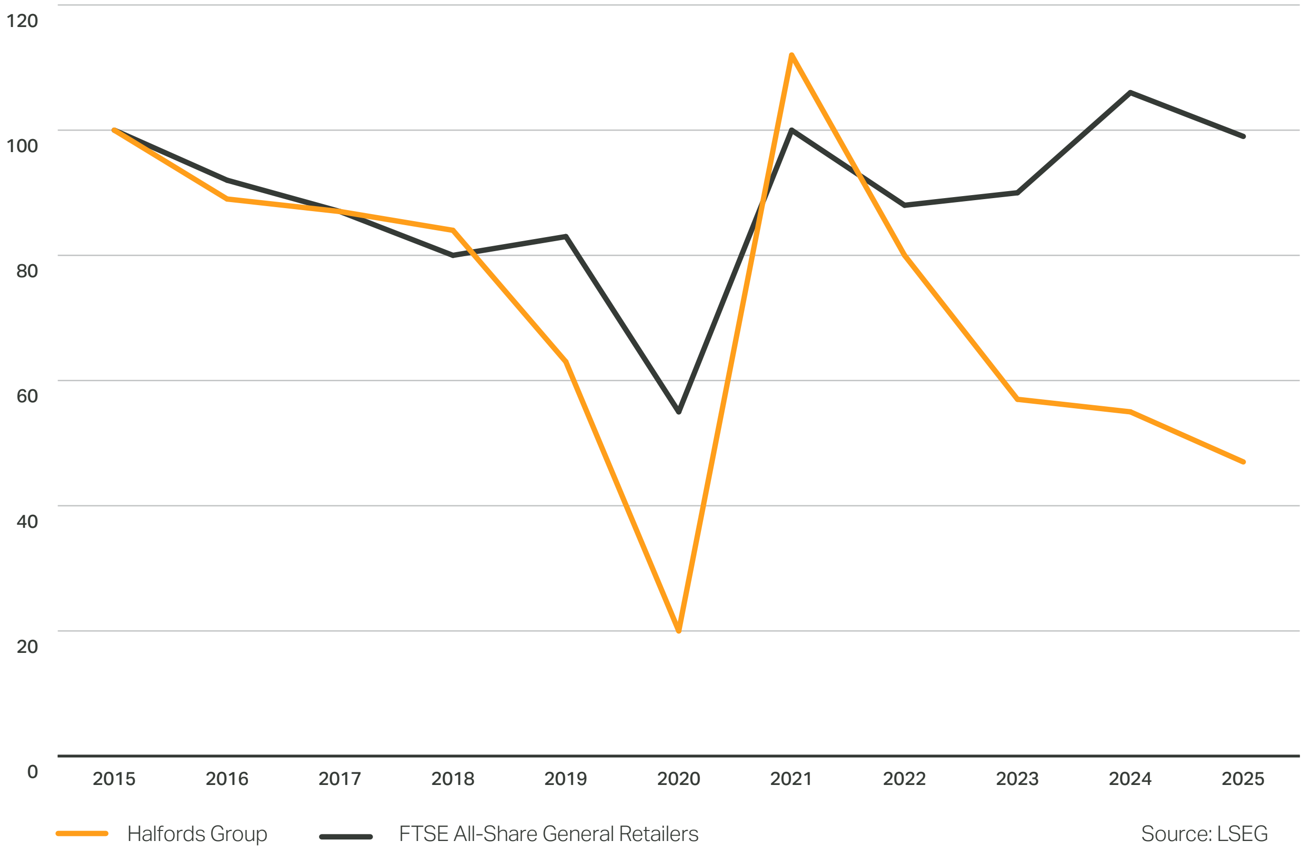
1 The grant price is calculated by using the mid-market quotation on the date of grant.

2 Graham exercised the 2021 DBP on 12 July 2024.

3 The interim and final dividends have been reinvested in shares at prices between £1.284 and £1.486.

CEO pay compared to performance

The following graph shows the ten-year TSR performance of the Company since April 2015, against the FTSE All-Share General Retailers Index (which was chosen because it represents a broad equity market index of which the Company is a constituent).



The following table summarises the CEO single figure for the past ten years and outlines the proportion of annual bonus paid as a percentage of the maximum opportunity and the proportion of PSP awards vesting as a percentage of the maximum opportunity. The annual bonus is shown based on the year to which performance related and the PSP is shown for the last year of the performance period.

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	**FY25**
CEO Single Figure (£'000)										
Graham Stapleton[1]	–	–	1,818	670	678	2,699	2,752	1,189	650	**1,523**
Jonny Mason[2]	–	–	236	–	–	–	–	–	–	**–**
Jill McDonald[3]	851	741	295	–	–	–	–	–	–	**–**
Matt Davies[4]	54	–	–	–	–	–	–	–	–	**–**
Annual Bonus (% of maximum)										
Graham Stapleton[1]	–	–	70%	–	–	92.5%	79.37%	–	–	**78.4%**
Jonny Mason[2]	–	–	42.3%	–	–	–	–	–	–	**–**
Jill McDonald[3]	23.5%	–	–	–	–	–	–	–	–	**–**
Matt Davies[4]	–	–	–	–	–	–	–	–	–	**–**
PSP Vesting (% of maximum)										
Graham Stapleton[1]	–	–	–	–	–	84.9%	100%	50%	–	**12.71%**
Jonny Mason[2]	–	–	–	–	–	–	–	–	–	**–**
Jill McDonald[3]	–	–	–	–	–	–	–	–	–	**–**
Matt Davies[4]	–	–	–	–	–	–	–	–	–	**–**

1 Graham Stapleton was appointed in January 2018. An incorrect benefits figure was reported for FY19 in error; this was corrected and reflected in the total for FY19.

2 Jonny Mason was appointed as interim Chief Executive Officer for the period from September 2017 to the date of Graham Stapleton joining in January 2018, and the figures represent pro-rated amounts of his bonus and overall remuneration for FY18.

3 Jill McDonald was appointed in May 2015 and resigned as CEO in September 2017.

4 Matt Davies was appointed in October 2012 and resigned as CEO in April 2015.

Shareholding guidelines (audited)

The Committee believes that it is important that Executive Directors' interests are aligned with those of the shareholders. Executive Directors are encouraged to acquire and retain shares with a value equal to 200% of their annual base salary. Executive Directors are expected to retain 75% of any post-tax shares that vest under any share incentive plans until this shareholding guideline is met.

	Graham Stapleton	Jo Hartley
Shareholding guideline	200%	200%
Shareholding as at 28 March 2025	766,363[1]	27,039[2]
Current value (based on share price on 28 March 2025)	£994,691	£66,220
Current % of salary	156.6%	8.38%

1 The shareholding figure includes 47,816 vested shares from the 2022 Performance Share Plan awards (on a net of tax basis), which are currently being held in a two-year deferral period in the Employee Benefit Trust ("EBT"). The figure also includes the shares held in the EBT in relation to the Deferred Bonus Plan grant made in 2022 (on a net of tax basis).

2 The shareholding figure comprises of 27,039 vested shares from the 2022 Performance Share Plan awards (on a net tax basis), which are currently being held in a two-year deferral period in the Employee Benefit Trust ("EBT").

These figures include those of their spouse or civil partner and infant children, or stepchildren, as required by Section 822 of the Companies Act 2006.

There has been no change in the beneficial interest of Jo Hartley between 28 March and 18 June 2025.

Under the post-employment shareholding guideline, Executive Directors are expected to retain their shareholding guideline (200% of salary) for a period of two years post stepping down as an Executive Director. This post-employment shareholding guideline applies to any performance incentive shares that vested from 1 April 2020.

Executive Directors' appointments

Director	Date of Service Agreement	Notice Period
Graham Stapleton	8 September 2017	6 months
Henry Birch	15 April 2025	6 months
Jo Hartley	1 October 2021	6 months

Outside appointments

Halfords recognises that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such Non-Executive duties can broaden experience and knowledge, which can benefit Halfords. Subject to approval by the Board, Executive Directors are allowed to accept Non-Executive Director appointments and retain the fees received, provided that these appointments are not likely to lead to conflicts of interest.

Loss of office payments (audited)

No loss of office payment was made to a Director during the period.

Payments to former directors (audited)

No payments were made to former Directors during the period.

Remuneration arrangements in respect of Graham Stapleton leaving

Graham Stapleton stepped down as Chief Executive and as a Director of Halfords plc on 15 April 2025.

- Graham will receive a payment in lieu of notice totalling £340,928.50, comprised of six months' salary, pension allowance, private medical insurance, permanent health insurance, car allowance, and fuel payments. This will be paid in six monthly instalments (subject to mitigation).
- Graham received an annual bonus in respect of the 2025 financial year as set out above. He will remain eligible to receive an annual bonus in respect of the 2026 financial year, subject to satisfaction of applicable performance conditions and pro-rated to the date of departure. The FY25 and FY26 annual bonuses will be paid in cash.
- As per the approved good leaver policy, the 2022 DBP vested on departure.
- Graham was treated as a good leaver in respect of his outstanding awards under the LTIP and treatment of the awards was in accordance with the relevant plan rules (including malus and clawback provisions). His LTIP awards granted in 2022, 2023 and 2024 will vest on the original vesting dates subject to the achievement of the applicable performance conditions as determined by the Remuneration Committee following completion of the relevant performance periods. His 2023 and 2024 PSP awards will also be subject to time pro-rating based on the relevant performance periods. Graham will not receive a PSP award for FY26.
- Graham will receive a contribution of up to £15,000 (plus VAT) in respect of his legal fees. Graham will also receive a payment of £75,000 towards outplacement support.
- Graham will be required to comply with the post-employment shareholding requirements outlined in the Policy until 15 April 2027.

How the Remuneration Policy was implemented in FY25 – Non-Executive Directors

Non-Executive Director single figure comparison (audited)

During the year, fees for the Non-Executive Directors and the Chair were reviewed to ensure they remained competitive and aligned with those offered at similar-sized companies. As a result of this review, it was determined that the base for the NEDs and Chair would be increased by 3%, effective from 1 October 2024. No increase was applied to the Committee Chair fees.

Director	Role	Board fees (£)	Senior Independent Director fee (£)	Committee Chair/ Employee Voice Director fees (£)	Taxable benefits[1] (£)	**Total "Single Figure"[2] 2025 (£)**	Total "Single Figure"[2] 2024 (£)
Keith Williams[3]	Company Chair	212,963	–	–	–	**212,963**	206,760
Jill Caseberry[4]	Senior Independent Director, Remuneration Committee Chair	57,985	15,714	10,000	238	**83,937**	72,047
Tom Singer[3]	Audit Committee Chair	57,560	–	10,000	–	**67,560**	65,883
Tanvi Gokhale	ESG Committee Chair and Employee Voice Director	57,560	–	10,000	303	**67,863**	48,787

1 Includes hotel and travel costs incurred when attending Halfords' meetings and Board visits.

2 The Chair and Non-Executive Directors are not entitled to participate in any of the Group's incentive plans or pension plans so all pay is fixed.

3 Keith Williams and Tom Singer did not claim any taxable benefits during the year.

4 Due to a payroll error, a portion of fees for Jill Caseberry relating to her appointment as Senior Independent Director from 6 September 2023 were paid in FY25. This amounted to £5,714.

Non-Executive Director shareholding (audited)

Director	**2025**	2024
Keith Williams	**180,000**	180,000
Jill Caseberry	**20,283**	20,283
Tom Singer	**30,000**	30,000
Tanvi Gokhale	–	–

These figures include those of their spouses, civil partners and infant children, or stepchildren, as required by Section 822 of the Companies Act 2006. There was no change in these beneficial interests between 28 March 2025 and 18 June 2025.

Non-Executive Directors do not have a shareholding guideline, but they are encouraged to buy shares in the Company.

Non-Executive Directors' appointments

None of the Non-Executive Directors has an employment contract with the Company. However, each had entered into a letter of appointment with the Company confirming their appointment for a period of three years, unless terminated by either party giving the other not less than three months' notice or by the Company on payment of fees in lieu of notice.

Director	Appointed	Date of current appointment	Expiry date	Unexpired term at the date of this report
Jill Caseberry	01 Mar 19	01 Mar 25	28 Feb 28	33 months
Tom Singer	16 Sep 20	16 Sep 23	15 Sep 26	14 months
Keith Williams	24 Jul 18	24 Jul 24	23 Jul 27	24 months
Tanvi Gokhale	20 Jun 23	20 Jun 23	19 Jun 26	11 months

Their appointments are subject to the provisions of the Companies Act 2006 and the Company's Articles of Association and, in particular, the need for re-election. Continuation of an individual Non-Executive Director's appointment is also contingent on that Non-Executive Director's satisfactory performance, which is evaluated annually. The Non-Executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office.

REMUNERATION COMMITTEE REPORT

How the Remuneration Policy will be Implemented for FY26 – Executive Directors

Salary

The salary for the Executive Directors, Graham Stapleton and Jo Hartley, was increased by 3% with effect from 1 October 2024, which was below the increase received across the wider workforce.

The salaries for the current Executive Directors are as follows:

CEO (to 15 April 2025) – Graham Stapleton	£635,202
CEO (from 15 April 2025) – Henry Birch	£650,000
CFO – Jo Hartley	£419,055

Salaries will next be reviewed with effect from 1 October 2025.

Pension

Henry Birch, and Jo Hartley will receive cash pension allowances of 3% of salary, which is in line with the Company contribution rate available for the wider workforce.

Annual Bonus

The normal maximum annual bonus for Executive Directors is 150% of base salary with two-thirds paid in cash and one-third paid in Halfords' shares deferred for three years.

Performance measures for FY26 annual bonus	
Financial measures • Group Profit Before Tax: 60% • Free Cash Flow: 10% • Cost as a percentage of sales: 10%	80%
Non-Financial measures • Health and safety: 5% • Customer Net Promoter Score: 5% • Personal strategic objectives: 10%	20%

Targets have not been disclosed at the current time as they are considered to be commercially sensitive. The Committee intends to disclose targets in next year's Directors' Remuneration report.

Performance Share Plan ("PSP")

The normal PSP award for Executive Directors is 200% of base salary.

The Committee is mindful of shareholder guidance that award levels should be adjusted where the share price has fallen significantly compared to prior years. Based on the current share price, the Committee is of the view that no adjustment is required; however, the Committee will take this into account when determining award levels in September.

Our normal practice is to grant awards in the autumn.

FY26 PSP awards are due to be granted later in the year. These awards will continue to vest based on relative TSR vs. a comparator group of businesses taken from the FTSE All-Share General Retailers Index (40% weighting), on EPS performance for FY28 (40% weighting), and on Group services-related revenue for FY26 (20% weighting). These weightings are unchanged from FY25. 25% of the TSR element will vest for median performance with 100% vesting for upper quartile TSR performance. Targets for the EPS and Group services-related revenue measures will be determined and disclosed by the Committee in the FY26 Directors' Remuneration report.

How the Remuneration Policy Will Be Implemented for FY26 – Non-Executive Directors' fees

The fees of Non-Executive Directors are reviewed regularly. Any changes to these fees will be approved by the Board as a whole following a recommendation from the Chief Executive Officer and the Remuneration Committee.

The fees of the Non-Executive Directors were reviewed in October 2024, where a 3% fee increase was applied to the Chair's fee and the base Non-Executive Director fee; however, no increase was applied to the Committee Chair fees. The next fee review will be in October 2025.

Current fees for Non-Executive Directors are as follows:

	FY25	FY24
Chair	**£216,110**	£209,816
Base fee	**£58,411**	£56,709
Additional fees		
Senior Independent Director	**£10,000**	£10,000
Committee Chair (Audit and Remuneration)	**£10,000**	£10,000
Employee Voice Director	**£5,000**	£5,000
Committee Chair (ESG)	**£5,000**	£5,000

Change in Remuneration of Directors compared to Group colleagues

The table below sets out the increase in total remuneration of the Directors and that of all colleagues in FY25 compared with the prior

	FY24 to FY25			FY23 to FY24			FY22 to FY23			FY21 to FY22			FY20 to FY21		
	Base salary/ fees % change	**Annual bonus % change**	**Benefits % change**	Base salary/ fees % change	Annual bonus % change	Benefits % change	Base salary/ fees % change	Annual bonus % change	Benefits % change	Base salary/ fees % change	Annual bonus % change	Benefits % change	Base salary/ fees % change	Annual bonus % change	Benefits % change
Executive Directors															
Graham Stapleton	**3.00%**	**100.00%**	**1.9%**	3.00%	0%	–	4.00%	-13.00%	–	1.80%	100.00%	–	1.80%	–	–
Jo Hartley[1]	**3.00%**	**100.00%**	**123.3%**[5]	3.00%	0%	–	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loraine Woodhouse[2]	**N/A**	**N/A**	**N/A**	N/A	N/A	–	N/A	-13.00%	–	1.80%	100.00%		1.80%	–	–
Non-Executive Directors															
Keith Williams	**3.00%**	**–**	**–**	3.00%	–	–	4.00%	–	–	1.80%	–	–	0.00%	–	–
Helen Jones[3]	**3.00%**	**–**	**–**	N/A	–	–	4.00%	–	–	1.80%	–	–	9.50%	–	–
Jill Caseberry	**3.00%**	**–**	**–**	3.00%	–	–	4.00%	–	–	1.80%	–	–	0.00%	–	–
Tom Singer	**3.00%**	**–**	**–**	3.00%	–	–	4.00%	–	–	1.80%	–	–	N/A	N/A	N/A
Tanvi Gokhale[4]	**3.00%**	**–**	**–**	N/A	–	–	N/A	–	–	N/A	–	–	N/A	N/A	N/A
Average pay of all colleagues in the Group	**9.0%**	**40.7%**	**–**	5.7%	-2.7%	–	5.91%	8.58%	–	2.80%	76.30%	–	4.02%	45.42%	–

1 Jo Hartley was appointed as Chief Financial Officer on 16 June 2022.

2 Loraine Woodhouse retired from the Board on 1 July 2022.

3 Helen Jones retired from the Board on 6 September 2023.

4 Tanvi Gokhale was appointed as a Non-Executive Director on 20 June 2023.

5 The increase in this figure is as a result of Jo Hartley's travel allowance as detailed on page 114.

REMUNERATION COMMITTEE REPORT

CEO pay ratio

Halfords is a UK-listed Company with more than 250 employees meaning that the Company is required to disclose, annually, the ratio of its CEO's pay to the median, lower quartile and upper quartile pay of its UK employees. Details of this can be found in the table below.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024/25	**Option B**	**73:1**	**52:1**	**47:1**
2023/24	Option B	29:1	23:1	22:1
2022/23	Option B	61:1	56:1	34:1
2021/22	Option B	167:1	147:1	90:1
2020/21	Option B	143:1	126:1	99:1

Of the three options set out in the legislation for calculating the CEO pay ratio, we have chosen Option B using Gender Pay Gap data. This option was chosen as it represents the most efficient method to determine the respective pay ratios. The colleagues at the three quartiles were identified and their respective single-figure values calculated as of 5 April 2024. To ensure the identified colleagues were representative, the total remuneration for a group of individuals above and below the identified colleague at each quartile was also reviewed. The Board has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression. In order to determine the full-time equivalent salary component for the representative colleagues, the hourly rate was multiplied by full-time hours to calculate the full-time equivalent salary. No component of total remuneration was omitted. The base salary and total remuneration for each representative colleague are outlined below, adjusted to reflect full-time equivalent hours. As has been the case in previous years, the remuneration arrangements for the Executive Directors are more closely linked to performance, and this is reflected in the increase in CEO pay ratio year-on-year, given both the annual bonus and the PSP did not pay out in the previous year.

Component	P25	P50	P75
Base Salary	14,776.55	26,134.09	28,923.48
Total Remuneration	20,874.20	29,491.33	32,598.63

Workforce engagement in remuneration

Halfords has long-established practices of engaging with colleagues across all areas of the business, including holding regular listening groups, appointing and meeting with local colleague engagement People Champions, and conducting a colleague engagement survey. Although, during FY25, the Committee did not consult directly with colleagues regarding Executive Directors' remuneration, the scope of this engagement will be expanded to include Directors' remuneration where appropriate for FY26 and the future.

During FY25, the Committee did not consult directly with colleagues regarding Executive Directors' remuneration due to the below-average pay increase award. In addition to future engagement with employees, the Committee will continue to consider the broader approach to pay and incentive outcomes for the wider employee base when setting pay policy and determining incentive outcomes for the Executive Directors.

Gender pay gap report

Details of the Group's Gender Pay Gap Report for 5 April 2024 are available at
www.halfordscompany.com/environmental-social-and-governance/our-colleagues/gender-pay-gap/.

Relative importance of pay

The Committee is also aware of shareholders' views on remuneration and its relationship to other cash disbursements. The following table shows the relationship between the Company's financial performance, payments made to shareholders and expenditure on payroll.

	2025	2024
EBITDA (underlying from continuing operations)	**£180.9m**	£183.4m
PBT (underlying from continuing operations)	**£38.4m**	£43.1m
Payments to employees:		
Wages and salaries	**£374.1m**	£351.6m
Executive Directors[1]	**£2.5m**	£1.1m
Dividend paid to shareholders and share buybacks[2]	**£17.4m**	£21.7m

1 Based on the single figure calculation, not all of which is included within wages and salary costs.

2 There were no share buybacks during FY24 nor FY25. The dividend amount is on a cash paid in FY25 basis.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of Halfords Group plc (the "Company") together with its subsidiary undertakings (the "Group") for the period ended 28 March 2025.

Halfords Group plc

Registered Number	04457314
Registered Office Address	Icknield Street Drive, Washford West, Redditch, Worcestershire B98 0DE
Country of Incorporation	England and Wales
Type	Public Limited Company

Additional disclosure

The Company, in accordance with Section 414C of the Companies Act 2006, has chosen to provide disclosures and information to the extent necessary to understand the Company's development, performance and position and the impact of its activity, relating to, as a minimum: environmental matters, the Group's employees, social matters, respect for human rights, and anti-corruption and anti-bribery matters. These matters and cross-references to the relevant sections of this Annual Report are shown in the table below:

Topic	Location	Page
Appointment and removal of Directors	Directors' report	126
Anti-bribery and corruption	Audit Committee report	104
Articles of Association	Directors' report	127
Auditor	Directors' report	128
Audit Committee Report	Audit Committee report	100
Authority to issue or purchase shares	Directors' report	127
Board of Directors	Directors' report	76
Board effectiveness and leadership: role and composition of the Board and Committees; meeting attendance; skills and experience; independence; diversity; induction and development; evaluation; Directors and their other interests; and Board Committees	Corporate Governance report	86
Branches	Directors' report	128
Charitable donations	Strategic report: our ESG strategy	48
Colleague engagement	Corporate Governance report Directors' report	84 127
Colleagues' involvement; training, diversity and inclusion; and disability	Directors' report Strategic report: our ESG strategy	85 48
Community	Strategic report: our ESG strategy	48
Compensation for loss of office	Directors' report	128
Creditor payment policy	Directors' report	128
Culture	Corporate Governance report	84
Directors' biographies	Board of Directors	76
Directors' indemnities	Directors' report	126
Directors' interests	Directors' Remuneration report	126
Directors' Remuneration Report and Remuneration Policy Summary	Directors' Remuneration report	106
Directors' responsibilities statement	Directors' responsibilities statement	129
Diversity and inclusion	Directors' report Governance at a glance Nomination Committee report Strategic report: our ESG strategy	127 72 94 40
Energy and carbon emissions	Strategic report: our ESG strategy	42

DIRECTORS' REPORT

Disclosures required under UK Listing Rule 6.6.1R

The Company, in accordance with UK Listing Rule 6.6.1R, has disclosed the information required to be included in the Annual Report. This information can be found on the following pages of the Annual Report:

No other disclosures under UK Listing Rule 6.6.1R are required.

Disclosures required under UK Listing Rule 6.6.6R

The Company, in accordance with UK Listing Rule 6.6.6R, has included in the Annual Report and Accounts a number of statements, that contain certain prescribed Corporate Governance disclosures. This includes diversity-related disclosures and climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations and recommended disclosures. The information can be found on the following pages of the Annual Report:

Topic	Location	Page
Interests of each Director of the Company	Directors' report	126
Interests disclosed in accordance with DTR5	Directors' report	127
Going concern	Strategic report: Going concern and viability	68
Shareholder authority for purchase of own shares	Directors' report	127
Compliance with the UK Corporate Governance Code	Directors' report	126
	Corporate Governance report	80
Task Force on Climate-related Financial Disclosures ("TCFD")	Strategic report: TCFD	53
Board diversity	Corporate Governance report	73
	Nomination Committee report	96
Numerical data on Board diversity	Corporate Governance report	73
	Nomination Committee report	96
Approach to data collection	Corporate Governance report	73

Non-financial and sustainability statement

We comply with the non-financial and sustainability reporting requirements as prescribed by sections 414CA and 414CB of the Companies Act 2006. The requirements of this disclosure are addressed within this section by means of cross reference in order to avoid duplication and to help stakeholders understand our position on key non-financial matters.

Reporting requirement(s)	Location	Page
Climate-related financial disclosures	Strategic Report: TCFD	53
Environmental	Strategic report: our ESG strategy	42
Colleagues	Directors' Report	43
	Strategic report: our ESG strategy	127
Social matters	Strategic report: our ESG strategy	48
Respect for human rights	Directors' Report	128
Anti-corruption and anti-bribery	Audit Committee report	104
Business model	Business model	20
Principal risks in relation to non-financial matters	Principal risks	61
Non-financial KPIs	Strategic Report: Our Key Performance Indicators	28

DIRECTORS' REPORT

UK Corporate Governance Code

The Company has applied the principles of, and complied with, the provisions of the 2018 UK Corporate Governance Code (the "Code") throughout the period.

The Corporate Governance Report as set out from page 80 forms part of the Directors' Report.

Principal activities

The principal activities of the Group are: the provision and retailing of motoring and cycling services and products; vehicle servicing, maintenance and repairs through garages and mobile vans; and the provision of software as a service. The principal activity of the Company is that of a holding company. The Company's registrar is MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Profits and dividends

The Group's results for the period are set out in the Consolidated Income Statement on page 142. The loss before tax from continuing operations was £(30.0)m (2024:£38.8m) and the loss after tax amounted to £(33.8)m (2024: £17.3m). The Board proposed that a final dividend of 5.8 pence per ordinary share be paid on 12 September 2025 to shareholders whose names are on the register of members at the close of business on 8 August 2025. An interim dividend payment of 3 pence per ordinary share was paid on 17January 2025.

Computershare Trustees (Jersey) Limited, trustee of the Halfords Employees' Share Trust, has waived its entitlement to dividends.

Performance monitoring

The delivery of the Group's strategic objectives is monitored by the Board through Key Performance Indicators ("KPIs") and periodic reviews of various aspects of the Group's operations. The Group considers that the KPIs listed on pages 26 to 28 are appropriate measures to assess the delivery of the Group's Strategy.

Directors

The following were Directors of the Company during the period:

- Keith Williams
- Graham Stapleton
- Jo Hartley
- Jill Caseberry
- Tom Singer
- Tanvi Gokhale

On 15 April 2025, it was announced that Graham Stapleton had stepped down as Chief Executive Officer with immediate effect and that Henry Birch had been appointed as Graham's replacement. In accordance with the Company's Articles of Association and the UK Corporate Governance Code guidelines, with the exception of Graham Stapleton, all those persons holding office as a Director of the Company on 28 March 2025 will retire and offer themselves for re-election at the 2025 Annual General Meeting ("AGM") and Henry Birch will offer himself for election for the first time.

The Service Agreements of the Executive Directors and the Letters of Appointment of the Non-Executive Directors are available for inspection at the registered office of the Company. A summary of these documents is also included in the annual Directors' Remuneration Report on pages 106 to 122.

Appointment and removal of a Director

A Director may be appointed by an ordinary resolution of shareholders in a general meeting following a recommendation by the Nomination Committee in accordance with its Terms of Reference, as approved by the Board or by a member (or members) entitled to vote at such a meeting. Alternatively, a Director may be appointed following retirement by rotation if the Director chooses to seek re-election at a general meeting. In addition, the Directors may appoint a Director to fill a vacancy or act as an additional Director, provided that the individual retires at the next Annual General Meeting and, if they are to continue, they offer themselves for election. A Director may be removed by the Company in circumstances set out in the Company's Articles of Association or by a special resolution of the Company.

Powers of the Directors

Subject to the Articles, the Companies Act and any directions given by the Company by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board who may exercise all the powers of the Company. Specific powers relating to the allotment and issuance of ordinary shares, and the ability of the Company to purchase its own securities, are also included within the Articles, and such authorities are submitted for approval by the shareholders at the Annual General Meeting each year. The authorities conferred on the Directors at the 2024 Annual General Meeting ("AGM"), held on 6 September 2024, will expire on the date of the 2025 AGM.

Directors' interests

The Directors' interests in, and options over, ordinary shares in the Company are shown in the Directors' Remuneration Report on pages 106 to 122.

Since the end of the financial year and the date of this report, there have been no changes to such interests.

In line with the requirements of the Companies Act, Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company unless that conflict is first authorised by the Board.

The Company has procedures in place for managing conflicts of interest. The Company's Articles of Association contain provisions to allow the Directors to authorise potential conflicts of interest, so that if approved, a Director will not be in breach of their duty under company law. In line with the requirements of the Companies Act 2006, each Director has notified the Company of any situation in which they have, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). Directors have a continuing duty to update any changes to their conflicts of interest and the register is updated accordingly.

The Directors are also aware of their duties under Section 172 of the Companies Act 2006 and so, in making their decisions, they consider the long-term impact on the business as well as taking into consideration the interests of stakeholders such as colleagues, suppliers, customers and the wider communities in which we operate. More information on this can be found on pages 38 to 39.

Directors' indemnities

Directors' and Officers' insurance has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. The Directors of the Company and the Company's subsidiaries also have the benefit of third-party indemnity provisions, as defined by Section 236 of the Companies Act 2006, pursuant to the Company's Articles of Association.

Colleague engagement

Engagement with, and feedback from, our colleagues across the business is vital to the Group. The Group has an established framework of colleague communications providing regular information on business performance and other important and relevant matters. For more information see the ESG section on pages 40 to 50.

Employment policies

The Group encourages diversity and inclusion and, as an equal opportunities employer, is committed to providing equal opportunities for all colleagues and applicants during recruitment and selection, training and career development and promotion.

This commitment to equality of opportunity applies regardless of anyone's physical ability, sexual orientation or gender identity, pregnancy and maternity, race, religious beliefs, age, nationality or ethnic origin. This is underpinned by our Group's policies, which ensure full and fair consideration to employment applications from people from diverse backgrounds, including those with disabilities wherever suitable opportunities exist, having regard to their particular aptitudes and abilities. Should a colleague become disabled, efforts are made to ensure their continued employment with the Group, with appropriate training as necessary.

Further details of our diversity policy are included in the Nomination Committee report on page 95.

The Group takes a zero-tolerance approach to matters of discrimination, harassment and bullying in all aspects of its business operations. Appropriate policies and procedures are in place for reporting and dealing with such matters.

Colleague training and development

The Group strives to meet its business objectives by motivating and encouraging all colleagues to be responsive to the needs of its customers and to continually improve operational performance. To achieve this, we deliver a range of blended training and development programmes, across the Group. We regard the training and development of our colleagues as being particularly important for our business and also for the communities in which we operate.

For many years, we have held strong relationships with a number of apprenticeship partners, which allow us to offer personal and professional growth. In addition, the Group runs targeted Leadership Development programmes and operational succession programmes to further build capability in skills identified to both ensure that colleagues are successful in their chosen roles, as well as to help colleagues identify and develop skills that will support them to be our future leaders.

Whistleblowing

The Group's whistleblowing policy and Procedure (the "whistleblowing policy") enables colleagues to report concerns on matters affecting the Group or their employment, without fear of recrimination. As part of our commitment to ensuring a culture of honesty and integrity, in 2022, Halfords partnered with AAB People (formally known as SeeHearSpeakUp) in order to launch externally operated reporting channels, including a new web-based channel. Posters publicising whistleblowing channels are distributed to all stores, Autocentres, Distribution Centres, Commercial Fleet and Mobile Hubs, and the Support Centre.

Whistleblowing is a Board responsibility, the whistleblowing policy was reviewed and approved by the Audit Committee upon delegation from the Board. The Audit Committee receives regular summaries of whistleblowing contacts, progress and resolutions.

Research and development

Information relating to research and development carried out by the Group in relation to products and services can be found in the Strategic Report.

Share capital and shareholder voting rights

Details of the Company's share capital and of the rights attached to the Company's ordinary shares are set out in Note 22 on page 178. All ordinary shares, including those acquired through Company share schemes and plans, rank equally with no special rights.

All members who hold ordinary shares are entitled to attend, vote and speak at the general meetings of the Company, appoint proxies, receive any dividends, exercise voting rights and transfer shares without restriction. On a show of hands at a general meeting, every member present in person, and every duly appointed proxy, shall have one vote for every share held and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. The Company is not aware of any arrangements that may restrict the transfer of shares or voting rights.

Significant shareholders

As at 28 March 2025, the Company had been notified under the Disclosure Guidance and Transparency Rules (DTR5) of the following notifiable interests representing 3% or more of the Company's issued share capital. The information provided below was correct at the date of notification. These holdings are likely to have changed since the Company was notified.

Fund Manager	Shares	% at 28 March 2025
Gresham House Asset Management	24,674,029	11.27
Fidelity International	21,892,873	10.00
Jupiter Asset Management	14,791,508	6.76
Aberforth Partners	14,096,923	6.44
Janus Henderson Investors	8,402,010	3.84
Artemis Investment Management	6,669,918	3.05

As at 18 June 2025, the notifiable interests have not crossed reporting thresholds under DTR5, except for Gresham House Asset Management which now holds 17,404,029 shares representing 7.95% of voting rights.

Authority to purchase shares

At the 2024 Annual General Meeting, shareholders approved a special resolution authorising the Company to purchase a maximum of 21,892,874 shares, representing not greater than 10% of the Company's issued share capital at 18 June 2025, such authority expiring at the conclusion of the Annual General Meeting to be held in 2025 or, if earlier, on 30 September 2025.

Transactions with related parties

During the period, the Company did not enter into any material transactions with any related parties.

Articles of Association

In accordance with the Companies Act 2006, the Articles of Association may only be amended by a special resolution

DIRECTORS' REPORT

of the Company's shareholders in a general meeting.

Political donations

The Group made no political donations and incurred no political expenditure during the period (FY24: nil). It remains the Company's policy not to make political donations or to incur political expenditure. However, we recognise that the application of the relevant provisions of the Companies Act 2006 is potentially very broad in nature and, as last year, the Board is seeking shareholder authority to ensure that the Group does not inadvertently breach these provisions as a result of the breadth of its business activities. However, the Board has no intention of using this shareholder authority.

Credit facilities, change of control and share schemes

The Company's committed revolving credit facilities require the Company, in the event of a change of control, to notify the Facility Agent and, if required by the majority lenders, these facilities may be cancelled. The Company does not have agreements with any Director or colleague that would provide compensation for loss of office or employment resulting from a takeover, except that provisions of the Company's share schemes and Deferred Bonus Plan may cause options and awards granted to Directors and colleagues under such schemes and plans to vest on a takeover.

Details of employee share plans are provided in Note 23 on pages 179 to 181.

Modern slavery statement

In order to support its estate of Retail stores, garages, mobile vans and online operations, the Group sources products from a large number of suppliers both within the UK and overseas. In particular, the international suppliers – managed largely by the Halfords Global Sourcing ("HGS") team based in Hong Kong, Taiwan and Shanghai – are bound contractually by the Group's policies on modern slavery and human trafficking, as detailed within the Global Sourcing Code (the "Sourcing Code").

The Company continues to be committed to ensuring due diligence processes remain robust. Our Global Sourcing Code supports the Company's commitment to respect human rights and uphold international standards, including the United Nations ("UN") Guiding Principles on Business and Human Rights and the Organisation for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises. The Company partners with EcoVadis, a platform that rates the environmental, social and governance performance of suppliers. The output of this data will support due diligence processes – and will assess good supplier performance as well as where corrective action, remediation or additional audits may be required.

In line with the requirements of the Modern Slavery Act, all colleagues are trained on the issue of modern slavery, with a mandatory e-learning module. This supports colleagues with their understanding and what they should do if they suspect modern slavery taking place.

During the period, no concerns were raised regarding any of the Group's suppliers. It is recognised that whilst no incidents were raised (through contractual mechanisms), this does not mean issues do not potentially exist. The Company, therefore, remains committed to further enhancing its approach and understanding and enhancing its due diligence process.

The Group's Board of Directors reviews its Modern Slavery Statement on an annual basis. It was last approved on 6 September 2024.

Creditor payment policy

The Group does not follow any formal Code of Practice on payment. Instead, it agrees terms and conditions for transactions when orders for goods or services are placed, and includes relevant terms in contracts, as appropriate. These arrangements are adhered to when making payments, subject to the terms and conditions being met by suppliers. The number of trade creditor days outstanding as at 28 March 2025 for the Group was 74 days (2024: 72 days). The Company is a holding company and has no trade creditors.

Branches

The Company and its subsidiaries, where relevant, have established overseas branches in the countries in which they operate.

Auditor

The Company's and the Group's external Auditor is BDO LLP. A resolution proposing the reappointment of BDO LLP will be set out in the Notice of the 2025 Annual General Meeting and will be put to shareholders at the meeting.

Disclosure of Information to the Auditor

In accordance with Section 418(2) of the Companies Act 2006, each Director in office at the date and approval of the Directors' Report confirms that:

i. in so far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is unaware; and
ii. the Directors have taken all reasonable steps to ascertain any relevant audit information and to ensure that the Company's Auditor is aware of such information.

Important events since year-end

On 15 April 2025, it was announced that Graham Stapleton had stepped down as Chief Executive Officer with immediate effect and that Henry Birch had been appointed as his replacement.

Annual General Meeting ("AGM")

The AGM will be held at the Halfords Group plc Support Centre, Icknield Street Drive, Washford West, Redditch B98 0DE on Wednesday 3 September 2025. The Notice of the AGM and explanatory notes regarding the ordinary and special business to be put to the meeting will be set out in a separate circular to shareholders.

By order of the Board

Tim O'Gorman
Group Company Secretary

25 June 2025

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK-adopted international accounting standards and applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business;
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.
- The Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by order of the Board

Keith Williams
Chair

25 June 2025

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 March 2025 and of the Group's loss for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Halfords Group plc (the "Parent Company") and its subsidiaries (the "Group") for the 52 weeks ended 28 March 2025 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Statement of Cash Flows, the Notes to the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Shareholders' Equity and notes to the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board on 31 July 2019 to audit the financial statements for the year ended 3 April 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 6 years, covering the years ended 03 April 2020 to 28 March 2025. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- **Assessment of assumptions within the projected cash flows:** we evaluated the reasonableness of the assumptions and future plans modelled within the Board approved going concern forecasts, covering the period of 12 months from the date of approval of these financial statements which include the impact of strategic initiatives as well as the ongoing and uncertain impact of current macro-economic factors including consumer spending, foreign currency exchange rates, energy prices and interest rates. This involved evaluation of the budgeted figures compared to FY25, consideration of inflationary impacts and other adjustments applied by the Directors, reflecting pricing communications with certain suppliers and external data used to support their assumptions.
- **Arithmetical accuracy:** we assessed the arithmetical accuracy of management's going concern model.
- **Financing:** confirmed the Group has financing facilities in place throughout the period of the going concern assessment period as modelled in its forecasts. We also recomputed the calculations supporting covenant compliance and headroom throughout the going concern period with reference to the revolving credit facility agreement.

- **Sensitivity analysis:** evaluation of sensitivities of the Group's cash flow forecasts with reference to the headroom and financial covenants in place over the existing financing facilities. The analysis considered reasonably possible adverse effects that could arise as well as a stress test to consider the level of future revenue reduction the Group could support before breaching covenants. We recomputed the Directors prepared sensitivities applied to the forecasts and further considered these by applying additional sensitivity testing.
- **Reverse stress test:** we assessed management's reverse stress test and were satisfied it was a scenario that, in our view, was not plausible.
- **Post year end trading performance:** comparison of the post year end trading results to the forecasts so as to evaluate the accuracy and achievability of the forecasts prepared.
- **Disclosures:** evaluation of the adequacy of the disclosures in relation to the risks posed and scenarios the Directors have considered in performing their going concern assessment and the requirements of the accounting framework.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key Audit Matters

	2025	2024
1. Goodwill impairment testing for the Retail and Autocentres Segments	✓	✓
2. Carrying value of the Parent Company's Investment in subsidiaries	✓	✓
3. Third Party Logistics Arrangement[1]		✓
4. Supplier income[2]		✓

1 There have been no changes from the previous year in the commercial structure of the overall arrangement and there were no material one off transactions during the year. As a result, this matter is no longer considered a key audit matter in the current year.

2 In the current year, the Group strengthened its processes and controls around supplier income and implemented a rebate management system. As a result, this matter is no longer considered a key audit matter in the current year.

Materiality

Group financial statements as a whole

£7.0 m (2024: £5.1m) based on 0.425% (2024: 0.3%) of the Group's revenue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group's risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

We have concluded that the Group consists of 13 components, which include subsidiaries, and other business units. These components are structured to align with the Group's operational and reporting framework, reflecting its operations across multiple jurisdictions. Our assessment of the Group's components considered the legal structure of the entities. Where components have been merged, they are classified according to their trading or non-trading status, or dormancy. This ensures that the identification of components aligns with the operational structure of the Group.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included:

- procedures on the entire financial information of the component, including performing substantive procedures and tests of operating effectiveness of controls
- procedures on one or more classes of transactions, account balances or disclosures
- specific audit procedures

Procedures performed at a component level

We performed procedures to respond to Group risks of material misstatement at the component level that included the following:

Component	Component Name	Entities	Group Audit Scope
1	Parent Company	Halfords Group plc	Procedures on the entire financial information of the component.
2	Retail – Trading	Halfords Limited	Procedures on the entire financial information of the component.
3	HAC – Trading	Halfords Autocentres Limited	Procedures on the entire financial information of the component.
4	National – Trading	National Tyre Service Limited	Procedures on the entire financial information of the component.
5	Lodge – Trading	Lodge Tyre Company Limited	Specific audit procedures
6	PCL – Trading	Performance Cycling Limited	Specific audit procedures
7	Avayler Group	Avayler Holdings Limited Avayler Trading limited	Risk assessment procedures
8	McConechy's – Trading	McConechy's Tyre Service Limited	Risk assessment procedures
9	Universal – Trading	Universal Tyre Company (Deptford) Limited	Risk assessment procedures
10	Fit4Fleet – Trading	Fit4Fleet Limited	Risk assessment procedures
11	Non-Trading – Holding Companies	7 entities included in this component	Risk assessment procedures
12	Non-Trading Companies	10 entities included in this component	Risk assessment procedures
13	Dormant Companies	14 entities included in this component	Risk assessment procedures

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls and similarity of the group's activities and business lines in relation to Goodwill, Right of use assets and liabilities, Share Capital and Reserves, Taxation, Share based payments, Consolidation and Related Party Balances/ Transactions, and Going Concern. We therefore designed and performed procedures centrally in these areas.

The Group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

Disaggregation

The financial information relating to Group risks of material misstatement is highly disaggregated across the Group. We performed procedures at the component level in relation to these risks in order to obtain comfort over the Group balances. We also included an element of unpredictability when selecting components for testing.

Changes from the prior year

In the current year, we have included specific audit procedures for Lodge Tyre Company Limited's revenue instead of a full scope audit as in the prior year. Our risk assessment procedures showed no risk for the Group's financial statements in the other financial statement areas of this Component.

Working with other auditors

As Group auditor, we determined the components at which audit work was performed, together with the resources needed to perform this work. These resources included component auditors, who formed part of the Group engagement team as reported above. As Group auditor we are solely responsible for expressing an opinion on the Group financial statements.

In working with these component auditors, we held discussions with component audit teams on the significant areas of the Group audit relevant to the components based on our assessment of the Group risks of material misstatement. We issued our Group audit instructions to component auditors on the nature and extent of their participation and role in the group audit, and on the Group risks of material misstatement.

We directed, supervised and reviewed the component auditors' work. This included holding meetings and calls during various phases of the audit, working directly within the same electronic workspace, reviewing component auditor documentation and evaluating the appropriateness of the audit procedures performed and the results thereof.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of Board, Audit and ESG Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact, if any, of the Group's commitments as set out in the ESG Introduction on pages 40 and 41, may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as Statutory Other Information on page 53 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters that were materially affected by climate-related risks and related commitments.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

Key audit matter		How the scope of our audit addressed the key audit matter
Goodwill impairment testing for the Retail and Autocentres Segments (The accounting policies and critical judgements and estimates applied are disclosed within the Group's accounting policies. The goodwill balances of £355.7m (FY 2024: £403.6m) are included in Note 11)	Retail and Autocentres segments are significant and subject to annual impairment testing. In assessing the carrying value of goodwill the Group has to estimate the recoverable amount of its Retail and Autocentres segments. This requires the forecasting and discounting of future cashflows for inclusion within a value in use model. The value in use model includes a high degree of management judgement and estimation uncertainty. The goodwill impairment review, together with the related disclosures, has therefore been raised as a key audit matter.	Our audit procedures included: • Assessing the judgements and methodology applied by the Group in the goodwill impairment testing model against the relevant accounting standards and considering the requirements of IAS36 (Impairment) and IFRS8 (Operating Segments). • Challenging management's assessment of cash generating units (CGUs) and the level at which goodwill was tested for impairment by taking into account the level at which management report internally. • Assessing the reasonableness of the Group's budgets and forecasts by considering the historical accuracy of previous forecasts. • Confirming that the cashflows modelled agreed to the Board approved budgets and cashflow forecasts used to support the Group's going concern and viability assessment. • With the assistance of our internal valuation experts, assessing the reasonableness of the Group's discount rate applied, by corroborating the relevant inputs into the calculation to external sources and calculating a bottom up weighted average cost of capital and comparing it with the rate used by management. • Challenging management to understand the most significant assumptions in the cashflow forecasts and corroborating these to source documentation, previous performance and information available externally where appropriate. • Considering the sensitivity analysis performed by the Group that included the assessment of reasonably possible adverse effects that could arise as a result of a decrease in revenue from weaker consumer demand as applied to the going concern considerations. • We also performed our own sensitivity analysis applying different scenarios targeted at discount rates, cost mitigation actions and growth rates. • Assessing whether the Group's disclosures provide sufficient details on the key assumptions within the impairment model and sources of estimation uncertainty, including any required sensitivity disclosures. **Key observations:** Based on the procedures performed, we found the assumptions, judgements and estimates made by Management in the Group's impairment conclusions to be reasonable and sufficiently supported. We concurred with Management's conclusion to recognise an impairment of goodwill in the Retail segment of £47.9m and to recognise no impairment of goodwill in the Autocentres segment. We also concluded that the disclosures in the financial statements were sufficient in respect of the key assumptions and sources of estimation uncertainty.

Key audit matter		How the scope of our audit addressed the key audit matter
Carrying value of the Parent Company's investment in subsidiaries (The accounting policy applied is disclosed within the Parent Company accounting policies. The investment balances of £794.2m (FY 2024: £817.6m) are disclosed in Note 4 to the Parent Company Financial statements)	The Parent Company's investment in subsidiaries represents its investment in the underlying trading businesses of the Group. The recoverability of the investment is dependent on the future cashflows of these subsidiaries and a material impairment to this balance would be recorded through distributable reserves and could therefore result in implications for future dividends. The directors have prepared a value in use assessment to support the carrying value and have determined that there is an impairment of £27.3m on the carrying value of the investment. Due to the materiality of this balance, the investment in the Parent Company financial statements was raised as a key audit matter for our audit of the parent Company.	Our audit procedures included: • Comparing the net assets of the Parent Company to the market capitalisation of the Group as at the year end date. • Comparing the carrying value of the investment to the net present value of future cash flows. • Obtaining the directors' assessment of the carrying values and confirming whether this was in line with the value in use calculations performed for goodwill impairment testing for the Retail and Autocentres CGUs. • Challenging management to understand the most significant assumptions in the cashflow forecasts and corroborating these to source documentation where available. • Assessing the cashflow models prepared to support the value in use calculation by testing the appropriateness of key inputs into the calculations. • Performing sensitivity analysis on the key assumptions. **Key observations:** Based on the procedures performed, we found management's conclusion that there is an impairment of £27.3m within the investment held by the Parent Company to be appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2025 £m	2024 £m	**2025 £m**	2024 £m
Materiality	**£7.0 m**	£5.1m	**£5.6m**	£2.8m
Basis for determining materiality	**0.425% of Group revenue**	0.3% of Group revenue	**Determined with reference to 1% of total assets (Capped at 80% of Group materiality).**	Determined with reference to 80% of Group's performance materiality. (Capped at Group non-significant components materiality to reduce aggregation risk).
Rationale for the benchmark applied	**We consider revenue to be the most appropriate benchmark due to the significant growth the Group has experienced in the past few years through various acquisitions.**		**We consider an asset based measure to best reflect the nature of the Parent Company which acts as a holding company for the Group's investments in subsidiary undertakings.** **Materiality has been capped at a percentage of Group materiality given the assessment of the components aggregation risk.**	
Performance materiality	**£4.9m**	£3.57m	**£3.9m**	£1.96m
Basis for determining performance materiality and the Rationale for the percentage applied for performance materiality	Performance materiality was set at 70% of materiality. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements based on past experience.			

Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group based on a percentage of between 16% and 80% (2024: 33% and 59%) of Group performance materiality dependent on a number of factors including size of the component and our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £770,000 to £3,920,000 (2024: £522,200 to £2,800,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £210,000 (2024: £153,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document entitled 'Annual report and Accounts' other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The UK Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 68; • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 69 ; and • The Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities set out on page 69.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 129; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 62 to 68; • The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 93; and • The section describing the work of the Audit Committee set out on pages 100 to 104.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALFORDS GROUP PLC

Responsibilities of Directors

As explained more fully in the Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance as well as legal counsel and the Audit Committee; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be Companies Act 2006, the Financial Conduct Authority regulations, including UK listing rules, the principles of the UK Corporate Governance Code, UK adopted International accounting standards and UK GAAP for the Parent Company.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation as well as tax legislation covering corporate tax, employment tax, VAT and duty.

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and
- Obtaining and reviewing the confirmation from external legal counsel with regards to all ongoing litigations and their assessment thereof.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance as well as the Audit Committee and internal audit and legal counsel regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Involving our internal forensics specialists to consider our fraud risk assessment;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition relating to the judgements and estimates involved in the timing of revenue recognition, possible overstatement of revenue and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year through obtaining an understanding of the rationale of the journal and agreeing to supporting documentation, focusing on journal entries containing characteristics of audit interest, year end consolidation journals, journals processed by users with privileged IT access rights, journal entries posted to revenue, those with unusual account combinations and journals posted by unexpected users;

- with regards to the risk of fraud in revenue recognition we have challenged the assumptions and judgements made by management in the measurement of gift card, warranty and returns provisions and the assumptions made in revenue recognition for certain revenue streams and deferred revenue by agreeing assumptions to relevant supporting documentation.
- we have challenged significant accounting estimates and judgements made by management in the assessment of goodwill impairment and the carrying value of the Parent Company's investment in subsidiaries as set out in the Key Audit Matters section of the report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component auditors who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component auditors, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sophia Michael
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor

London

25 June 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

For the period	Notes	52 weeks to 28 March 2025 Before non-underlying items £m	52 weeks to 28 March 2025 Non-underlying items (note 5) £m	52 weeks to 28 March 2025 Total £m	52 weeks to 29 March 2024 Before non-underlying items £m	52 weeks to 29 March 2024 Non-underlying items (note 5) £m	52 weeks to 29 March 2024 Total £m
Revenue		**1,715.2**	**–**	**1,715.2**	1,696.5	–	1,696.5
Cost of sales		**(846.1)**	**–**	**(846.1)**	(873.9)	–	(873.9)
Gross profit		**869.1**	**–**	**869.1**	822.6	–	822.6
Operating expenses	2	**(820.3)**	**(68.4)**	**(888.7)**	(766.4)	(4.3)	(770.7)
Other income		**0.7**	**–**	**0.7**	–	–	–
Results from operating activities	3	**49.5**	**(68.4)**	**(18.9)**	56.2	(4.3)	51.9
Net finance expense	6	**(11.1)**	**–**	**(11.1)**	(13.1)	–	(13.1)
Profit / (loss) before income tax		**38.4**	**(68.4)**	**(30.0)**	43.1	(4.3)	38.8
Income tax (expense) / credit	7	**(8.4)**	**4.6**	**(3.8)**	(10.3)	0.5	(9.8)
Profit / (loss) after tax from continuing operations		**30.0**	**(63.8)**	**(33.8)**	32.8	(3.8)	29.0
Loss after tax from discontinued operations	10	**–**	**–**	**–**	(5.2)	(6.9)	(12.1)
Total profit / (loss) for the period (continuing and discontinued)		**30.0**	**(63.8)**	**(33.8)**	27.6	(10.7)	16.9
Attributable to:							
Equity shareholders		**30.2**	**(63.8)**	**(33.6)**	27.6	(10.7)	16.9
Non-controlling interest		**(0.2)**	**–**	**(0.2)**	–	–	–
Earnings per share							
Basic (continuing)	9	**13.8p**		**(15.4)p**	15.1p		13.3p
Diluted (continuing)	9	**13.2p**		**(15.4)p**	14.5p		12.7p
Basic (continuing and discontinued)	9	**13.8p**		**(15.4)p**	12.7p		7.8p
Diluted (continuing and discontinued)	9	**13.2p**		**(15.4)p**	12.2p		7.4p

The notes on pages 148 to 181 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**52 weeks to 28 March 2025 £m**	52 weeks to 29 March 2024 £m
(Loss) / profit for the period from continuing operations		**(33.8)**	29.0
Other comprehensive income			
Cash flow hedges:			
Fair value changes in the period		**0.1**	(1.3)
Income tax on other comprehensive income	7	**(0.2)**	(0.4)
Other comprehensive loss for the period, net of income tax		**(0.1)**	(1.7)
Total comprehensive (loss) / income from continuing operations		**(33.9)**	27.3
Loss for the period from discontinued operations		**–**	(12.1)
Total comprehensive loss from discontinued operations		**–**	(12.1)
Total comprehensive (loss) / income		**(33.9)**	15.2
Attributable to:			
Equity shareholders		**(33.7)**	15.2
Non-controlling interest		**(0.2)**	–

All items within Other Comprehensive Income are classified as items that are, or may be, recycled to the income statement.

The notes on pages 148 to 181 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**28 March 2025 £m**	29 March 2024 £m
Assets			
Non-current assets			
Intangible assets	11	**432.7**	483.9
Property, plant and equipment	12	**91.7**	89.5
Right-of-use assets	13	**242.3**	278.3
Derivative financial instruments	21	**0.3**	–
Trade and other receivables	15	**2.5**	2.3
Deferred tax asset	20	**7.3**	5.1
Total non-current assets		**776.8**	859.1
Current assets			
Inventories	14	**225.2**	237.5
Trade and other receivables	15	**153.7**	161.0
Current tax asset		**–**	8.4
Derivative financial instruments	21	**0.6**	0.2
Cash and cash equivalents	16	**19.1**	13.3
Total current assets		**398.6**	420.4
Total assets		**1,175.4**	1,279.5
Liabilities			
Current liabilities			
Borrowings	17	**(0.2)**	(1.8)
Lease liabilities	13	**(78.6)**	(79.1)
Derivative financial instruments	21	**(0.8)**	(1.5)
Trade and other payables	18	**(357.1)**	(368.4)
Current tax liabilities		**(3.2)**	–
Provisions	19	**(15.4)**	(12.4)
Total current liabilities		**(455.3)**	(463.2)
Net current liabilities		**(56.7)**	(42.8)
Non-current liabilities			
Borrowings	17	**(8.8)**	(19.6)
Lease liabilities	13	**(192.8)**	(228.1)
Derivative financial instruments	21	**(3.9)**	(0.1)
Trade and other payables	18	**(3.4)**	(3.6)
Provisions	19	**(10.9)**	(11.1)
Total non-current liabilities		**(219.8)**	(262.5)
Total liabilities		**(675.1)**	(725.7)
Net assets		**500.3**	553.8
Equity			
Share capital	22	**2.2**	2.2
Share premium	22	**212.4**	212.4
Investment in own shares	22	**(1.6)**	(1.0)
Other reserves	22	**0.7**	–
Retained earnings		**286.4**	340.2
Total equity attributable to equity holders of the Company		**500.1**	553.8
Non-controlling interest		**0.2**	–
Total equity		**500.3**	553.8

The notes on pages 148 to 181 form part of these consolidated financial statements.

The consolidated financial statements on pages 142 to 181 were approved by the Board of Directors on 25 June 2025 and were signed on its behalf by:

Jo Hartley
Chief Financial Officer

Company Number: 04457314

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Attributable to the equity holders of the Company								
					Other reserves					
	Note	Share capital £m	Share premium account £m	Investment in own shares £m	Capital redemption reserve £m	Hedging reserve £m	Retained earnings £m	Total shareholders' equity £m	Non-controlling interests £m	Total equity £m
Opening balance at 31 March 2023		2.2	212.4	(1.9)	0.3	(1.4)	345.3	556.9	–	**556.9**
Total comprehensive income for the period										
Profit for the period		–	–	–	–	–	16.9	16.9	–	**16.9**
Other comprehensive loss										
Cash flow hedges:										
Fair value changes in the period		–	–	–	–	(1.3)	–	(1.3)	–	**(1.3)**
Income tax on other comprehensive income		–	–	–	–	(0.4)	–	(0.4)	–	**(0.4)**
Total other comprehensive loss for the period net of tax		–	–	–	–	(1.7)	–	(1.7)	–	**(1.7)**
Total comprehensive income for the period		–	–	–	–	(1.7)	16.9	15.2	–	**15.2**
Hedging gain and costs of hedging transferred to the cost of inventory		–	–	–	–	2.8	–	2.8	–	**2.8**
Transactions with owners										
Purchase of own shares	22		–	(10.2)	–	–	–	(10.2)	–	**(10.2)**
Share options exercised	22	–	–	11.1	–	–	(6.9)	4.2	–	**4.2**
Share based payment transactions	23	–	–	–	–	–	3.8	3.8	–	**3.8**
Income tax on share based payment transactions		–	–	–	–	–	0.4	0.4	–	**0.4**
Sale of minority interest in subsidiary to Non-controlling interest		–	–	–	–	–	2.4	2.4	–	**2.4**
Dividends to equity holders	8	–	–	–	–	–	(21.7)	(21.7)	–	**(21.7)**
Total transactions with owners		–	–	0.9	–	–	(22.0)	(21.1)	–	**(21.1)**
Closing balance at 29 March 2024		2.2	212.4	(1.0)	0.3	(0.3)	340.2	553.8	–	**553.8**
Opening balance at 30 March 2024		2.2	212.4	(1.0)	0.3	(0.3)	340.2	553.8	–	**553.8**
Total comprehensive loss for the period										
Loss for the period		–	–	–	–	–	(33.6)	(33.6)	(0.2)	**(33.8)**
Other comprehensive income/(loss)										
Cash flow hedges:										
Fair value changes in the period		–	–	–	–	0.1	–	0.1	–	**0.1**
Income tax on other comprehensive income		–	–	–	–	(0.2)	–	(0.2)	–	**(0.2)**
Total other comprehensive loss for the period net of tax		–	–	–	–	(0.1)	–	(0.1)	–	**(0.1)**
Total comprehensive loss for the period		–	–	–	–	(0.1)	(33.6)	(33.7)	(0.2)	**(33.9)**
Hedging gain and costs of hedging transferred to the cost of inventory		–	–	–	–	0.8	–	0.8	–	**0.8**
Recognition of derivative liability	21	–	–	–	–	–	(3.9)	(3.9)	–	**(3.9)**
Transactions with owners										
Purchase of own shares	22		–	(3.6)	–	–	–	(3.6)	–	**(3.6)**
Share options exercised	22	–	–	3.0	–	–	(2.4)	0.6	–	**0.6**
Share-based payment transactions	23	–	–	–	–	–	3.9	3.9	–	**3.9**
Adjustment to NCI		–	–	–	–	–	(0.4)	(0.4)	0.4	**–**
Dividends to equity holders	8	–	–	–	–	–	(17.4)	(17.4)	–	**(17.4)**
Total transactions with owners		–	–	(0.6)	–	–	(16.3)	(16.9)	0.4	**(16.5)**
Closing balance at 28 March 2025		2.2	212.4	(1.6)	0.3	0.4	286.4	500.1	0.2	**500.3**

The notes on pages 148 to 181 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024 £m
Cash flows from operating activities		
Profit after tax for the period from continuing operations, before non-underlying items	**30.0**	32.8
Non-underlying items attributable to continuing operations	**(63.8)**	(3.8)
(Loss)/Profit after tax for the period from continuing operations	**(33.8)**	29.0
Depreciation of property, plant and equipment	**28.8**	27.1
Impairment of property, plant and equipment	**2.0**	–
Amortisation of right-of-use assets	**79.5**	78.9
Impairment of right-of-use assets	**7.9**	2.8
Amortisation of intangible assets	**22.8**	21.2
Impairment of Intangible assets	**47.9**	–
Net finance expense	**11.1**	13.1
Loss on disposal of property, plant and equipment	**0.3**	0.8
Loss on disposal of leases	**0.2**	(2.2)
Equity-settled share based payment transactions	**3.9**	3.8
Foreign exchange movement	**3.5**	1.2
Income tax expense	**3.8**	9.8
Decrease in inventories	**8.8**	12.7
Decrease/(increase) in trade and other receivables	**8.8**	(9.0)
(Decrease)/increase in trade and other payables	**(9.1)**	10.7
Increase/(decrease) in provisions	**2.8**	(10.3)
Income tax received/(paid)	**5.5**	(11.7)
Net cash from operating activities – continuing operations	**194.7**	177.9
Net cash from operating activities – discontinued operations	**–**	(10.5)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	**–**	(0.6)
Acquisition of subsidiary, deferred consideration paid	**(4.0)**	–
Purchase of intangible assets	**(21.3)**	(23.7)
Purchase of property, plant and equipment	**(31.9)**	(21.9)
Net cash used in investing activities – continuing operations	**(57.2)**	(46.2)
Net cash used in investing activities – discontinued operations	**–**	(0.3)
Cash flows from financing activities		
Purchase of own shares	**(3.6)**	(10.2)
Proceeds from share options exercised	**0.6**	4.2
Finance income/(costs) received/(paid)	**0.4**	(2.1)
RCF drawdowns	**568.0**	1,348.0
RCF repayments	**(578.0)**	(1,363.0)
Proceeds from other borrowings	**–**	1.5
Repayment of other borrowings	**(1.4)**	–
RCF transaction costs	**(1.3)**	(1.1)
Capitalised transaction costs	**(1.4)**	–
Interest paid on lease liabilities	**(9.4)**	(9.0)
Payment of capital element of leases	**(87.1)**	(83.8)
Payments relating to supplier financing	**(91.0)**	(70.0)
Receipts relating to supplier financing	**89.9**	65.9
Proceeds from sale of share in subsidiary to non-controlling Interest	**–**	2.4
Dividends paid	**(17.4)**	(21.7)
Net cash used in financing activities – continuing operations	**(131.7)**	(138.9)
Net cash used in financing activities – discontinued operations	**–**	(0.9)
Net increase/(decrease) in cash and bank overdrafts	**5.8**	(18.9)
Cash and cash equivalents at the beginning of the period	**13.3**	32.2
Cash and cash equivalents at the end of the period	**19.1**	13.3

The notes on pages 148 to 181 form part of these consolidated financial statements.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Analysis of movements in the Group's net debt in the period

	At 29 March 2024 £m	Cash flow £m	Other non-cash changes £m	**At 28 March 2025 £m**
Cash and cash equivalents (Consolidated Statement of Cash Flows)	13.3	5.8	–	**19.1**
Debt due in less than one year	(1.8)	1.4	0.2	**(0.2)**
Debt due after one year	(19.6)	11.4	(0.6)	**(8.8)**
Total net (debt) / cash excluding leases	(8.1)	18.6	(0.4)	**10.1**
Current lease liabilities	(79.1)	96.5	(96.0)	**(78.6)**
Non-current lease liabilities	(228.1)	–	35.3	**(192.8)**
Total leases	(307.2)	96.5	(60.7)	**(271.4)**
Total net debt	(315.3)	115.1	(61.1)	**(261.3)**

	At 31 March 2023 £m	Cash Flow £m	Other non-cash changes £m	**At 29 March 2024 £m**
Cash and cash equivalents	41.9	(28.6)	–	**13.3**
Bank overdrafts	(9.7)	9.7	–	**–**
Cash and cash equivalents (Consolidated Statement of Cash Flows)	32.2	(18.9)	–	**13.3**
Debt due in less than one year	–	(1.4)	(0.4)	**(1.8)**
Debt due after one year	(34.0)	15.0	(0.6)	**(19.6)**
Total net debt excluding leases	(1.8)	(5.3)	(1.0)	**(8.1)**
Current lease liabilities	(77.6)	92.8	(94.3)	**(79.1)**
Non-current lease liabilities	(269.3)	–	41.2	**(228.1)**
Total finance leases	(346.9)	92.8	(53.1)	**(307.2)**
Total net debt	(348.7)	87.5	(54.1)	**(315.3)**

Other non-cash changes include additions of new leases, modifications to leases, amortisation of debt costs, foreign exchange movements, and changes in classifications between amounts due within and after 1 year.

Cash and cash equivalents at the period end consist of £19.1m (2024: £13.3m) of liquid assets.

ACCOUNTING POLICIES

General information

Halfords Group plc is a public limited company, which is listed on the London Stock Exchange, incorporated in England and Wales, and domiciled in the UK. The address of the registered office is Icknield Street Drive, Washford West, Redditch, Worcestershire B98 0DE.

The consolidated financial statements of the Company as at, and for, the period ended 28 March 2025, comprise the Company and its subsidiary undertakings.

Statement of compliance

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards.

Basis of preparation

The consolidated financial statements of Halfords Group plc and its subsidiary undertakings (together the "Group") are prepared on a going concern basis for the reasons set out below, and under the historical cost convention, except where adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments (IFRS 9 "Financial instruments"), acquisition of business combinations (IFRS 3 "Business Combinations"), share-based payments (IFRS 2 "Share-based payment") and leases (IFRS 16 "Leases").

The financial statements are presented in millions of pounds sterling, rounded to the nearest £0.1m.

The accounts of the Group are prepared for the period up to the Friday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks to 28 March 2025, whilst the comparative period covered the 52 weeks to 29 March 2024.

Going concern

In determining the appropriate basis of preparation of the financial statements for the period ended 28 March 2025, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Board has concluded that it is appropriate to adopt the Going Concern basis, having undertaken an assessment of the financial forecasts for the 12 month period from the date of approval of these financial statements. Management has prepared this assessment of Going Concern, which included reviewing financial forecasts and projections for the relevant period. Within these financial projections, which included amongst other items, the impact of labour cost increases resulting from the UK Government's Autumn Budget, management reviewed profit and net cash flow and tested the financial covenants associated with the Group's committed facility during the assessment period. No issues were found.

The financial forecasts have been stress tested to determine the required sales decline versus the Going Concern scenario before the covenant conditions were breached. This assessment also included variable and other cost-saving measures, which are under our control, that the Group would employ in this scenario and showed that sales would have to reduce by more than 12% before the first covenant condition is broken (interest payable to EBITDAR).

The current economic and geopolitical environment means that we expect some impact on consumer sentiment and behaviour, including propensity to spend on discretionary items, but do not believe that these external risks would cause a sales reduction of greater than 12% in the next 12 months. If sales were to reduce to this level, then further actions could be taken to prevent a covenant breach. The key mitigating action would be to halt strategic investment in FY26.

The Group continues to be cash generative and has a committed revolving credit facility of £180m which expires on 16 April 2028. The Board has a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due; retain sufficient available cash and not breach any covenants under any drawn facilities throughout the Going Concern period. They do not consider there to be a material uncertainty around the Group or Company's ability to continue as a Going Concern.

Basis of consolidation

Subsidiary undertakings

A subsidiary investment is an entity controlled by Halfords. Control is achieved when Halfords is exposed, or has rights to, variable returns from its involvement with the investee and can affect those returns through its power, directly or indirectly, over the investee.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case an appropriate adjustment would be made.

The financial statements of all subsidiary undertakings are prepared to the same reporting date as the Company. All subsidiary undertakings have been consolidated.

The subsidiary undertakings of the Company at 28 March 2025 are detailed in Note 4 to the Company balance sheet on pages 185 and 186.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised as expenses in the period in which the costs are incurred.

The identifiable assets, liabilities and contingent liabilities of the acquired entity that meet the conditions for recognition under IFRS 3 "Business combinations" are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and is, initially, measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of these elements exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Revenue recognition

The Group recognises revenue when it has satisfied its performance obligations to external customers and the customer has obtained control of the goods or services being transferred.

The revenue recognised is measured at the transaction price received and is recognised net of value added tax, discounts, and commission charged by third parties for providing credit to customers.

The Group operations comprise the retailing of automotive, leisure and cycling products, vehicle servicing and repair operations and the provision of software as a service. The table below summarises the revenue recognition policies for different categories of products and services offered by the Group.

For most revenue streams, there is a low level of judgement applied in determining the transaction price or the timing of transfer of control.

Products and services	Nature, timing and satisfaction of performance obligations and significant payment terms
Automotive, leisure and cycling products, car servicing and repair operations	The majority (both value and volume) of the Group's sales are for stand-alone products and services made direct to customers at standard prices. These sales are made across a number of channels including retail stores, online, and within Autocentres including both Business to Consumer markets and the Corporate Fleet Services business within the Business to Business market. In these cases, all performance obligations are satisfied, and revenue recognised, when the product or service is transferred to the customer. In the case of Cycle2Work, a letter of collection ("LOC") is issued when payment is received but the amount will be held on the Balance Sheet until the product or service has been transferred to the customer, at which point revenue is recognised. Deferred income of unredeemed vouchers is released to profit or loss based on historic redemption rates. A LOC can also be redeemed by customers through a network of independent bike dealers, who invoice the Group for the value of the LOC, at which point the revenue is recognised.
Service and repair plans	The Group offers various service and repair plans to customers. The Group recognises revenue on these on a straight-line basis over the period of the plan and any discounts at the point of sale. The performance obligation of the Group, being the level of service and repair offered with the plan, will be the period of the plan and, therefore, revenue should be recognised over this period. The product is paid for on commencement of the plan, and deferred income is held within trade and other payables.
Loyalty scheme	The Group launched its Loyalty Scheme in March 2022, with paid membership revenue being recognised when the individual benefits associated with club membership are expected to be incurred as and when performance obligations are met. The revenue associated with any unused benefits is recognised at the end of the membership period.
Product warranties	Certain products, principally motoring and cycling, have a warranty period attached, which is built into the price of the product rather than being sold separately as an incremental purchase. The warranty element has been identified as a separate performance obligation to the sale of the product, and, given it is not sold separately, a transaction price has been allocated for the warranty element based on the expected cost approach. This element of revenue is recognised on a straight-line basis over the period of the plan. The performance obligation of the Group, being the rectification of faults on products sold, will be the period over which the customer can exercise their rights under the warranty and, therefore, revenue should be recognised over this period. The full price of the product is paid for on commencement of the warranty, and deferred income is held within trade and other payables.
Software-as-a-Service (SaaS)	The Group operates a Software-as-a-Service business, which provides customers with access to a bespoke version of our mobile scheduling and operations software. The model employed consists of an upfront development fee, with ongoing licence fees depending on usage of the software by the customer, with minimum licence fee levels agreed over the term of the contract. The upfront development services cannot be unbundled from the ongoing hosting and service obligations under the contract and, therefore, the upfront development fee and minimum licence fee payable is recognised evenly over the life of the contract, with any licence fees receivable above the minimum level recognised in the period to which they relate.

ACCOUNTING POLICIES

The Group has a 3rd party logistics agreement for the storage and distribution of tyres to the Group's garages. The Group may occasionally sell tyres stored at the 3rd party to the 3rd party at an arm's length price, and revenue is recognised for these sales on the transfer of title of the tyres. The Group also has a separate wholesale agreement with this 3rd party for the purchase of tyres when required.

Returns

A provision for estimated returns is made based on the value of goods sold during the period, that are expected to be returned and refunded after the period end based on past experience.

The sales value of the expected returns is recognised within provisions, with the cost value of goods expected to be returned recognised as a current asset within inventories.

Gift cards

Deferred income in relation to gift card redemptions is estimated based on historical redemption rates to determine the value of vouchers that are highly probable not to be redeemed.

Supplier income

As is common in the retail and automotive industries, the Group receives income from their suppliers based on specific agreements in place. These enable the Group to share the costs and benefits of promotional activity and volume growth, which are explained below. The supplier income received is recognised as a deduction from cost of sales based on the entitlement that has been earned up to the balance sheet date for each relevant supplier agreement. The Group receives other contributions that do not meet the definition of supplier income, including, but not limited to, marketing, advertising and promotion contributions that are offset against the costs included in administrative expenses to which they relate.

Supplier income arrangements are often not co-terminus with the Group's financial period end. Such income is only recognised when there is reasonable certainty that the conditions for recognition have been met by the Group and the income can be reliably measured based on the terms of the contract. The Group is sometimes required to estimate the amounts due from suppliers at period end. However, as most of the supplier income is confirmed before the period end, the level of estimation and judgement required is limited.

Supplier income is recognised on an accrual basis, based on the entitlement that has been earned up to the balance sheet date for each relevant supplier contract. The accrued supplier income is included in Accrued income within Trade and other receivables.

Supplier income comprises:

- Rebates – typically, these are based on the volume of purchases of goods for resale. These are earned based on purchase targets over set periods of time. In some cases, rebates will also be received to support promotional pricing.
- Fixed contributions – typically, these will be for cost-price discounts or for favourable positioning of products in store.

Supplier income recognised is recorded against cost of sales and inventory, which is adjusted to reflect the lower purchase cost for the goods on which the income has been earned. Depending on the agreement with the supplier, supplier income is either received in cash from the supplier or netted off payments made to suppliers.

Finance income

Finance income comprises interest income on funds invested. Income is recognised, as it accrues in profit or loss, using the effective interest rate method.

Non-underlying items

Non-underlying items are those items that are unusual because of their size, nature (one-off, non-trading costs) or incidence, or relate to significant strategic projects. The Group's management considers that these items should be separately identified within their relevant income statement category to enable a full understanding of the Group's results.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company, which excludes non-controlling interests, by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in pounds sterling, which is the Group's presentation currency, and are rounded to the nearest £0.1m. Items included in the financial statements of the Group's entities are measured in pounds sterling, which is the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions and balances

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date. Translation differences on monetary items are taken to the income statement with the exception of differences on transactions that are subject to effective cash flow hedges, which are recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on qualifying cash flow hedges, which are recognised in other comprehensive income.

The assets and liabilities of foreign operations are translated to sterling at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to sterling at an average exchange rate. Foreign currency differences are recognised in other comprehensive income and a separate component of equity. When a foreign operation is disposed of, the relevant amount in equity is transferred to profit or loss.

Employee benefits

i) Pensions

The Halfords Pension Plan is a contract based plan, where each member has their own individual pension policy, which they monitor independently. The Group pays fixed contributions and has no legal or constructive obligation to pay further amounts. The costs of contributions to the scheme are charged to the income statement in the period that they arise.

ii) Share-based payment transactions

The Group operates a number of equity-settled share-based compensation plans.

The fair value of share options granted to employees under such schemes is recognised as an expense in the income statement. Fair values are determined by use of an appropriate pricing model and incorporate an assessment of relevant market performance conditions.

The amount to be expensed over the vesting period is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

At each balance sheet date, the Group revises its estimates of the number of share incentives that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity.

Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous periods.

The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount.

The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods. In the case of revenue that is received in advance, the tax base of the resulting liability is its carrying amount, less any amount of the revenue that will not be taxable in future periods.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred taxation arises from initial recognition of an asset or liability in a transaction other than a business combination, which, at the time of the transaction, affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred taxation is calculated using rates that are expected to apply when the related deferred asset is realised, or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Discontinued operations

Discontinued operations are reported when a component of the Group that represents a separate major line of business or geographical area of operation has been disposed of, or when a sale is highly probable; its operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and is classified as held for sale or has been disposed of. The Group classifies a non-current asset or disposal group as held for sale if its carrying value will be recovered through a sales transaction or distribution to shareholders rather than continuing use. In the Consolidated Income Statement, discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations. Corresponding notes to the Consolidated Income Statement exclude amounts for discontinued operations, unless stated otherwise.

Dividends

Final dividends are recognised in the Group's financial statements in the period in which the dividends are approved by shareholders. Interim equity dividends are recognised in the period they are paid.

Intangible assets

i) Goodwill

Goodwill is initially recognised as an asset at cost and is reviewed for impairment at least annually. Goodwill is subsequently measured at cost less any accumulated impairment losses. An impairment charge is recognised in the income statement for any amount by which the carrying value of goodwill exceeds its recoverable amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

For acquisitions prior to 3 April 2010, costs directly attributable to business combinations formed part of the consideration payable when calculating goodwill. Adjustments to contingent consideration, and, therefore, the consideration payable and goodwill, are made at each reporting date until the consideration is finally determined.

Acquisitions after this date fall under the provisions of "Revised IFRS 3 Business Combinations (2008)". For these acquisitions, transaction costs, other than share and debt issue costs, will be expensed as incurred and subsequent adjustments to the fair value of contingent consideration payable will be recognised in profit or loss.

ii) Computer software

Costs that are directly associated with identifiable and unique software products controlled by the Group, and that will generate economic benefits beyond one year, are recognised as intangible assets. These intangible assets are stated at cost less accumulated amortisation and impairment losses. Software is amortised over three to five years, depending on the estimated useful economic life.

Where the Group controls software relating to Software as a Service ("SaaS") arrangements, configuration and customisation costs are capitalised as part of bringing the identified intangible asset into use. Where the Group does not have control of the software costs, these are expensed over the SaaS contract term if the related configuration and customisation costs are not distinct from access to the software.

In all other circumstances, configuration and customisation costs are recognised as an expense as incurred except in the limited instances where these costs result in a separately identifiable intangible asset.

iii) Acquired intangible assets

Intangible assets that are acquired as a result of a business combination are recorded at fair value at the acquisition date.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Brand names and trademarks – 10 years;
- Supplier relationships – 5 to 15 years; and
- Customer relationships – 5 to 15 years.

Property, plant and equipment

Property, plant and equipment is held at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over their useful economic lives as follows:

- Freehold properties are depreciated over 50 years;
- Leasehold premises with lease terms of 50 years or less are depreciated over the remaining period of the lease;
- Leasehold improvements are depreciated over the period of the lease to a maximum of 25 years;
- Motor vehicles are depreciated over 3 years;
- Fixtures, fittings and equipment are depreciated over 4 to 10 years according to the estimated life of the asset;
- Computer equipment is depreciated over 3 years; and
- Land is not depreciated.

Depreciation is expensed to the income statement within operating expenses.

Residual values, remaining useful economic lives, and depreciation periods and methods are reviewed annually and adjusted if appropriate.

Impairment of assets

Tangible and intangible assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Property, plant and equipment are grouped on an individual basis by Retail store or Autocentre location.

Leases

The Group initially applied IFRS 16 at 30 March 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of applying IFRS 16 is recognised in Retained Earnings at the date of initial application.

As lessee

The Group leases various offices, warehouses, retail stores, car servicing garages, equipment and vehicles. Rental contracts are typically made for fixed periods between 3 months and 25 years, but may have break clauses or extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and, instead, accounts for these as a single lease component.

At the commencement date of property leases, the Group determines the lease term to be the full term of the lease normally including the period of any lease extension options, assuming that any option to break the lease is unlikely to be exercised. Leases are regularly reviewed on an individual basis and will be revalued if it becomes likely that a break clause is exercised.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group; and
- Makes adjustments specific to the lease, for example location, type of property.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

For leases acquired as part of a business combination, the lease liability is measured at the present value of the remaining lease payments. The right-of-use asset is measured at the same amount as the lease liability adjusted to reflect favourable or unfavourable terms of the lease when compared to market terms.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease, or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term. The carrying value of lease liabilities is, similarly, revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying value of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The right-of-use assets are considered for impairment at each reporting date; see Note 13.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (<£5,000), plus property leases where occupation continues beyond the end of the lease term, are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise warehousing, IT and telephone equipment.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes purchase costs, adjusted for rebates and other costs incurred in bringing them to their existing location.

Where inventory is held by third parties but for which Halfords exercises control over the inventory, Halfords recognises the value of that inventory on its balance sheet. Control is determined by Halfords retaining the title to the inventory and restricting its use by the third party.

Supplier financing

Where Halfords operates invoicing arrangements with third-party suppliers, whereby the timing of receipts from a supplier creates a cash flow timing advantage for Halfords, such arrangements are considered akin to a supplier financing arrangement. The cash flows paid and received under the arrangement are separately disclosed as supplier financing in the cash flow statement. The amount due to or from the supplier at the period end date is shown in other payables or other receivables as appropriate. While these arrangements are considered akin to a supplier financing arrangement, they do not meet the definition of such arrangements as set out in IAS 7.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Details of the provisions recognised can be seen in Note 19.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset when the reimbursement is certain.

A dilapidation provision is recognised when there is a future obligation relating to the maintenance of leasehold properties. The provision is based on management's best estimate of the obligation, which forms part of the Group's unavoidable cost of meeting its obligations under the lease contracts. Key uncertainties are estimates of amounts due.

Provisions for employer and product liability claims are recognised when an incident occurs or when a claim made against the Group is received that could lead to there being an outflow of benefits from the Group. The provision is based on management's best estimate of the settlement assisted by an external third party. The main uncertainty is the likelihood of success of the claimant and hence the settlement value; however, a provision is only recognised when there is considered to be reasonable grounds for the claim.

Cash and cash equivalents

Cash and cash equivalents on the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days, which are subject to an insignificant risk of changes in value.

Halfords Group plc utilises cash pooling arrangements to effectively manage Group liquidity and maximise interest returns. Where the arrangement comprises a pooling structure reflecting separate account balances across subsidiaries, the balances are shown gross reflecting related intercompany receivables or payables by subsidiaries, with these intercompany balances eliminated for the consolidated financial statements.

In the Consolidated Statement of Cash Flows, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

Non-controlling interests

For business combinations the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquiree that is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

From 1 January 2010, the total comprehensive income of non-wholly owned subsidiaries is attributed to the owners of the parent and to the non-controlling interests in proportion to their relative ownership interests. Before this date, unfunded losses in such subsidiaries were attributed entirely to the Group. In accordance with the transitional requirements of IAS 27 (2008), the carrying value of non-controlling interests at the effective date of the amendment has not been restated.

Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – equity instrument; or Fair Value through Profit or Loss (FVTPL). A financial liability is measured at either amortised costs or FVTPL.

ii) Classification and subsequent measurement

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Group may, irrevocably, elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes all derivative financial assets (Note 21). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group assesses the objective of the business model in which financial assets are held at a CGU level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the business unit and the operation of those policies in practice. This includes whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate portfolio, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the business unit is evaluated and reported to Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business unit) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Measurement and gains and losses

Financial assets at FVTPL	These assets are, subsequently, measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss. However, see Note 21 for derivatives designated as hedging instruments.
Financial assets at amortised cost	These assets are, subsequently, measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are, subsequently, measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in OCI and never reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. All other financial liabilities are recognised, initially, at their fair value and are, subsequently, measured at amortised cost using the effective interest method.

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which, substantially, all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains, substantially, all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net position presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v) Derivatives

Derivative financial instruments are used to manage risks arising from changes in foreign currency exchange rates relating to the purchase of overseas sourced products. The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses the derivatives to hedge highly probable forecast transactions and, therefore, the instruments are largely designated as cash flow hedges.

Derivatives are initially recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and hedging instrument are expected to offset each other.

The effective element of any gain or loss from remeasuring the derivative instrument is recognised in Other Comprehensive Income ("OCI") and accumulated in the hedging reserve. Any element of the remeasurement of the derivative instrument that does not meet the criteria for an effective hedge is recognised immediately in the Group Income Statement within finance income or cost of sales.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amount accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in OCI and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is recognised immediately in profit or loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months or, as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

vi) Impairment

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, contract assets and lease receivables measured at amortised cost. These are always measured at an amount equal to lifetime ECL. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. There is limited exposure to ECLs due to the business model.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and informed credit assessment and forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

Estimates are monetary amounts in the financial statements that are subject to measurement uncertainty and judgements are decisions taken by management on accounting measurements and recognition criteria.

Management considers that their use of estimates and judgements in the application of the Group's accounting policies are inherently linked and so are discussed together below. Significant sources of estimation uncertainty and judgement are identified separately.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are detailed below:

Allowances against the carrying value of inventories

The Group reviews the market value of and demand for its inventories on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisation of inventories, the Group is required to make estimates regarding future demand and to compare these with the current or committed inventory. Estimates have also been made relating to the timing and success of product ranges, which would impact estimated demand and selling prices. Details of provisions recognised against inventory is provided in note 14.

Lease terms and incremental borrowing rate

Under IFRS 16, the Group recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, adjusted to take into account the risk associated with the length of the lease, which ranges between 1 and 25 years, and the location of the lease. The Group has, therefore, made an estimate in determining the incremental borrowing rate used. The weighted average incremental borrowing rate in FY25 was 3.09%. Halfords reviews the incremental borrowing rate against the property yields to ensure the rates move appropriately against the weighted average reference rate for UK properties and concluded the rates appear reasonable.

In determining lease terms, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores, autocentres and equipment, the following factors are normally the most relevant:

- Review of profitability of each store and garage;
- If there are significant penalties to terminate (or not extend), the Group is, typically, reasonably certain to extend (or not terminate); and
- If any leasehold improvements are expected to have a significant remaining value, the Group is, typically, reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. Most extension options in vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

Impairment of assets within Retail and Autocentres

The impairment testing process requires management to make significant estimates regarding the future cash flows expected to be generated by CGUs to which goodwill has been allocated. In assessing value-in-use, net cash flow forecasts are extrapolated using long-term growth rates to determine the basis for an annuity-based terminal value. These net cash flow forecasts reflect assumptions relating to sales and cost growth in addition to other cash flow movements including income tax. Future cash flows, including the terminal value, are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money. The estimates of future cash flows exclude cash inflows or outflows attributable to financing activities. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments of goodwill reflect management's best assumptions and estimates, but these items involve inherent uncertainties described above. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods. A detailed discussion of the impairment methodology applied, key assumptions used and related sensitivity analyses by the Group in the context of goodwill is provided in note 11.

Adoption of new standards, interpretations and amendments

In preparing the consolidated financial statements, the Group has adopted the following amendments to standards which have been endorsed by the UK Endorsement Board ('UKEB'):

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current Liabilities with Covenants (Amendments to IAS 1).

None of the above amendments to standards are considered to have a material effect on these consolidated financial statements.

New standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. With the exception of IFRS 18, these standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The impact of IFRS 18 on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements, however there is no impact on presentation for the Group in the current year given the effective date of adoption is for periods beginning on or after 1 January 2027.

NOTES TO THE FINANCIAL STATEMENTS

1. Operating segments

The Group has two operating segments, Retail and Autocentres, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different operational, technological and marketing strategies.

The operations of the Retail reporting segment comprise the retailing of automotive, leisure and cycling products and services through retail stores and online. The operations of the Autocentres reporting segment comprise vehicle servicing and repair performed from garages and vans, along with the operations of Avayler Software-as-a-Service products to both internal and external autocentres customers.

The Chief Operating Decision Maker has been identified as the Executive Directors. Internal management reports for each of the segments are reviewed by the Executive Directors on a monthly basis. Key measures used to evaluate performance are Revenue and Operating Profit. Management believe that these measures are the most relevant in evaluating the performance of the segment and for making resource allocation decisions.

The following summary describes the operations in each of the Group's reportable segments. Performance is measured based on segment operating profit, as included in the management reports that are reviewed by the Executive Directors. These internal reports are prepared in accordance with IFRS accounting policies consistent with these Group Consolidated Financial Statements.

All material operations of the reportable segments are carried out in the UK and Republic of Ireland and all material non-current assets are located in the UK. The Group's revenue is driven by the consolidation of individual small value transactions and as a result Group revenue is not reliant on a major customer or Group of customers.

Income statement	Retail £m	Autocentres £m	52 weeks to 28 March 2025 Total £m
Revenue	**1,004.9**	**710.3**	**1,715.2**
Segment result before non-underlying items	**39.0**	**15.7**	**54.7**
Non-underlying items	**(53.9)**	**(14.5)**	**(68.4)**
Segment result	**(14.9)**	**1.2**	**(13.7)**
Unallocated expenses[1]			**(5.2)**
Operating loss			**(18.9)**
Net finance expense			**(11.1)**
Loss before tax			**(30.0)**
Taxation			**(3.8)**
Loss after tax			**(33.8)**
Products and services transferred at a point in time	**929.3**	**695.1**	**1,624.4**
Products and services transferred over time	**75.6**	**15.2**	**90.8**
Total revenue	**1,004.9**	**710.3**	**1,715.2**

Income statement – continuing operations	Retail £m	Autocentres £m	52 weeks to 29 March 2024 Total £m
Revenue	997.1	699.4	1,696.5
Segment result before non-underlying items	41.1	20.8	61.9
Non-underlying items	(1.5)	(2.8)	(4.3)
Segment result	39.6	18.0	57.6
Unallocated expenses[1]			(5.7)
Operating profit			51.9
Net finance expense			(13.1)
Profit before tax			38.8
Taxation			(9.8)
Profit after tax from continuing operations			29.0
Products and services transferred at a point in time	926.4	689.8	1,616.2
Products and services transferred over time	70.7	9.6	80.3
Total revenue	997.1	699.4	1,696.5

1 Unallocated expenses have been disclosed to reflect the format of the internal management reports reviewed by the Chief Operating Decision Maker and include an amortisation charge of £5.2m in respect of assets acquired through business combinations (2024: £5.7m).

NOTES TO THE FINANCIAL STATEMENTS

1. Operating Segments continued

Other segment items:	Retail £m	Autocentres £m	52 weeks to 28 March 2025 Total £m
Intangible asset / PPE additions	**25.5**	**27.2**	**52.7**
Depreciation and impairment expense	**15.5**	**14.6**	**30.1**
Impairment of right-of-use asset (note 13)	**0.9**	**7.0**	**7.9**
Amortisation of right-of-use asset	**51.9**	**26.6**	**78.5**
Amortisation expense	**12.3**	**7.0**	**19.3**
Impairment of intangible assets (note 11)	**47.9**	**–**	**47.9**

Other segment items:	Retail £m	Autocentres £m	52 weeks to 29 March 2024 Total £m
Intangible asset / PPE additions	22.8	20.9	43.7
Depreciation and impairment expense	14.4	12.0	26.4
Impairment of right-of-use asset	(0.6)	3.4	2.8
Amortisation of right-of-use asset	54.1	23.6	77.7
Amortisation expense	13.6	3.8	17.4

There have been no significant transactions between segments in the 52 weeks ended 28 March 2025 (2024: £nil).

2. Operating expenses

For continuing operations for the period	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024-restated* £m
Selling and distribution costs*	**604.0**	581.9
Administrative expenses, before non-underlying items*	**216.3**	184.5
Non-underlying administrative expenses (note 5)	**68.4**	4.3
Administrative expenses	**284.7**	188.8
Operating expenses	**888.7**	770.7

* Prior period balance restated between selling and distribution costs and administrative expenses, before non-underlying items to ensure consistency in presentation within Retail and Autocentres businesses

3. Results from operating activities

From continuing operations for the period	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024-restated* £m
Operating profit is arrived at after charging/(crediting) the following:		
Expenses relating to leases of low-value assets, excluding short term lease of low-value assets	**0.3**	0.3
Expenses relating to short term leases	**6.7**	6.4
Loss on disposal of property, plant and equipment, and intangibles	**0.3**	0.8
Amortisation of intangible assets	**22.8**	21.2
Amortisation of right-of-use assets	**79.5**	79.7
Depreciation of owned property, plant and equipment	**28.8**	27.2
Impairment / (reversal) of:		
– owned property, plant and equipment	**2.0**	0.5
– right-of-use assets	**7.9**	2.8
– intangible assets (goodwill)	**47.9**	–
Trade receivables impairment / (reversal)	**0.2**	(0.1)
Staff costs (see note 4)	**411.9**	387.5
Cost of inventories consumed in cost of sales*	**823.7**	867.1

* The cost of inventories consumed in cost of sales in the prior period has been restated to include certain autocentres balances previously omitted in error

3. Results from operating activities continued

The total fees payable by the Group to BDO LLP and their associates during the period were £2.5m (2024: £2.0m), in respect of the services detailed below:

For the period	52 weeks to 28 March 2025 £'000	52 weeks to 29 March 2024 £'000
Fees payable for the audit of the Company's accounts	**73.5**	70.0
Fees payable to BDO LLP and their associates for other services:		
The audit of the Company's subsidiary undertakings, pursuant to legislation	**2,215.5**	1,680.0
Audit-related assurance services	**250.0**	230.0
Other	**–**	6.0
Total Fees	**2,539.0**	1,986.0

4. Staff costs

For the period, for continuing operations	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024 £m
The aggregated remuneration of all employees including directors comprised:		
Wages and salaries	**374.1**	351.6
Redundancies included in non-underlying items	**0.2**	1.8
Social security costs	**34.2**	31.0
Equity settled share-based payment transactions (note 23)	**3.9**	3.8
Contributions to defined contribution plans (note 25)	**7.6**	6.8
	420.0	395.0

Staff costs recognised within Intangible asset additions in the period totalled £7.9m (2024: £5.7m).

	Number	Number restated*
Average number of persons employed by the Group, including directors, during the period, for continuing operations:		
Stores/Autocentres	**10,643**	10,429
Central warehousing	**624**	678
Support Centre	**1,490**	1,447
	12,757	12,554

* Support Centre headcount for the prior period has been restated to include 263 employees who were previously misclassified in error within the Stores/Autocentres headcount. There is no change to the total headcount disclosed for the period ended 29 March 2024

Key management compensation

For the period for continuing operations:	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024 £m
Salaries and short-term benefits	**4.9**	2.2
Social security costs	**0.8**	0.4
Pensions	**0.1**	0.1
Share based payment charge	**1.3**	0.9
	7.1	3.6

Key management compensation includes the emoluments of the Board of Directors and the emoluments of the Halfords Limited and Halfords Autocentres management boards.

Full details of Directors' remuneration and interests are set out in the audited tables in the Directors' Remuneration Report on pages 106 to 122 which form part of these financial statements.

5. Non-underlying items

For the period	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024 £m
Non-underlying operating expenses relating to continuing operations		
Organisational restructure costs (a)	**1.5**	7.7
Acquisition and investment related fees (b)	**–**	1.0
Closure costs (c)	**14.9**	(4.4)
Cloud migration costs (d)	**2.9**	–
Impairment of non-current assets (e)	**49.1**	–
Non-underlying items before tax relating to continuing operations	**68.4**	4.3
Tax on non-underlying items (f)	**(4.6)**	(0.5)
Non-underlying items after tax relating to continuing operations	**63.8**	3.8
Non-underlying items after tax relating to discontinued operations (Note 10)	**–**	6.9
Total Non-underlying items	**63.8**	10.7

a. During the period, organisational restructure costs of £1.5m were incurred (2024: £7.7m) linked to the ongoing warehouse management system replacement programme. Other costs incurred in the prior period include: dual running costs incurred in relation to the integration of National Tyres financial systems (2024: £0.5m), professional fees incurred in relation to restructuring the Avayler operation (2024: £1.1m), restructure of the support centre (2024: £1.9m) and costs relating to a revision to procurement processes (2024: £1.9m).

b. Acquisition costs of £1.0m in the prior period primarily comprise professional fees and acquisition costs in relation to the acquisitions of National Tyres and the Lodge Tyre Company.

c. Closure costs of £14.9m represent costs associated with the closure of a number of stores and garages, following strategic reviews of the profitability of the Group's physical estate in the current and prior periods, as well as the closure of the Group's wholesale tyre operations:

- £12.0m (2024: £nil) of closure costs relate to the decision to exit a number of garage locations following a full review of the future profitability of the Group's physical estate in light of the increased labour cost introduced by the UK Government's Autumn Budget and with reference to sites' suitability for the Fusion programme. Right-of-use assets (£6.7m) and tangible assets (£1.9m) were impaired, with provisions for property exit costs (£3.4m). Communications to employees who will be directly impacted by these closures are expected to take place in the first half of FY26 when the related redundancy provision and non-underlying expense will be recognised.
- £1.4m (2024: £4.4m credit) of closure costs were incurred in the current period from store and garage closures initiated during strategic reviews of the Group's physical estate's profitability in previous years. Assets were impaired and costs associated with ongoing onerous commitments under lease agreements and other costs associated with the property exits were provided for. Costs in the current period primarily relate to revised sublet assumptions and increased dilapidation fees. At the period end, property provisions carried forward included an amount of £3.3m (2024: £3.5m) in relation to these closures, which will continue to unwind as property exits are negotiated with landlords or tenants.
- £1.5m of closure costs were incurred in the current period following the FY24 closure of the Group's wholesale tyre operations, after entering a strategic partnership with specialist tyre distributor Bond International. These costs, not eligible for provision in FY24, comprise non-property related closure expenses, unwinding of discounting on deferred consideration through FY30, and property related expenditure on leases extending through to FY34. Non-property related costs have concluded in FY25.

d. Cloud migration costs relate to the migration of servers from co-located datacentres to a cloud-based solution. Costs of £2.9m (2024: £nil) include expenses associated with managing this transition and the dual running of the existing co-located servers and the new cloud infrastructure. No further costs associated with this transition are expected.

e. During FY25, the Group performed an impairment review of certain non-current assets. As a result of this review, the Group recognised an impairment expense of £47.9m in relation to Goodwill (refer to note 11) and £1.2m in relation to Right of Use assets within the retail and autocentres segments.

f. The tax credit of £4.6m represents a tax rate of 6.7% applied to non-underlying items, which is lower than the statutory rate due to the impact of non-deductible expenditure.

6. Net finance expense

Recognised in profit or loss for the period	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024 £m
Finance income:		
Bank interest	**0.9**	–
Finance costs:		
Bank borrowings	**(0.5)**	(2.2)
Amortisation of issue costs on loans	**(0.6)**	(0.8)
RCF commitment fees	**(1.3)**	(1.1)
Supplier financing expense	**(0.2)**	–
Interest payable on lease liabilities	**(9.4)**	(9.0)
Net finance costs before non-underlying items	**(11.1)**	(13.1)

7. Income tax expense

For the period	52 weeks to 28 March 2025 £m	52 weeks to 29 March 2024 £m
Current taxation		
UK corporation tax charge for the period	**6.8**	5.6
Adjustment in respect of prior periods	**(0.6)**	(5.5)
	6.2	0.1
Deferred taxation		
Origination and reversal of temporary differences	**(1.4)**	0.9
Adjustment in respect of prior periods	**(1.0)**	4.5
	(2.4)	5.4
Total tax charge for the period	**3.8**	5.5
Income tax is attributable to:		
Profit from continuing operations	**3.8**	9.8
Profit from discontinued operations	**–**	(4.3)
	3.8	5.5
Deferred taxation – OCI		
Origination and reversal of temporary differences in OCI	**0.2**	0.4
Total tax charge to OCI for the period	**0.2**	0.4
Current taxation – equity		
UK corporation tax credit for the period	**–**	(0.4)
	–	(0.4)
Total tax credit to equity for the period	**–**	(0.4)

7. Income tax expense continued

The tax charge is reconciled with the standard rate of UK corporation tax as follows:

For the period	**52 weeks to 28 March 2025 £m**	52 weeks to 29 March 2024 £m
(Loss) / profit before tax from continuing operations	**(30.0)**	38.8
Loss before tax on discontinued operations including gain on disposal (Note 10)	**–**	(16.4)
(Loss) / profit before tax	**(30.0)**	22.4
UK Corporation Tax at standard rate of 25% (2024: 25%)	**(7.5)**	5.6
Factors affecting the charge for the period:		
Depreciation on expenditure not eligible for tax relief	**0.4**	0.7
Employee share options	**0.6**	0.4
Other disallowable expenses	**12.3**	0.6
Adjustment in respect of prior periods	**(1.6)**	(1.1)
Deferred tax not recognised	**–**	(0.2)
Impact of overseas tax rates	**(0.4)**	(0.5)
Impact of change in tax rate on deferred tax balance	**–**	–
Total tax charge for the period	**3.8**	5.5

An increase to the main rate of corporation tax to 25% was substantively enacted on 24 May 2021 and took effect from 1 April 2023. The opening and closing deferred tax asset at 28 March 2025 has been calculated based on the rate of 25%.

The effective tax rate of (12.8)% (2024: 24.6%) is lower than the UK corporation tax rate principally due to the impact of a non-deductible impairment of goodwill of £47.9m in the period.

The taxation charge for the period was £3.8m (2024: £5.5m), including a £4.6m credit (2024: £0.5m credit) in respect of tax on non-underlying items.

In this period, the Group's contribution to the UK Exchequer from both taxes paid and collected exceeded £274m (2024: £273m) with the main taxes including net VAT of £141.2m (2024: £126.3m), employment taxes of £98.1m (2024: £89.0m) and business rates £39.7m (2024: £37.0m), partially offset by corporation tax refunds of £5.5m (2024: payments of £11.0m).

Impact of future tax changes

Pillar Two legislation, which introduced a global minimum effective tax rate of 15%, has been enacted or substantively enacted in certain jurisdictions where the Group operates. The legislation was effective for the Group's financial periods beginning 30 March 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country by country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief may not apply and the Pillar Two effective tax rate is close to 15%. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions and has applied the exception to recognising deferred tax assets and liabilities relating to Pillar Two income taxes.

8. Dividends

For the period	**52 weeks to 28 March 2025 £m**	52 weeks to 29 March 2024 £m
Equity – ordinary shares		
Final for the 52 weeks to 29 March 2024 – paid 5.0p per share (52 weeks to 31 March 2023: 7.0p)	**10.9**	15.2
Interim for the 52 weeks to 28 March 2025 – paid 3.0p per share (52 weeks to 29 March 2024: 3.0p)	**6.5**	6.5
	17.4	21.7

In addition, the directors are proposing a final dividend in respect of the financial period ended 28 March 2025 of 5.8p per share (2024: 5.0p per share), which will absorb an estimated £12.6m (2024: £11.0m) of shareholders' funds. It will be paid on 12 September 2025 to shareholders who are on the register of members on 8 August 2025.

9. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares excludes shares held by an Employee Benefit Trust (see note 22) and has been adjusted for the issue/purchase of shares during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the 52 weeks to 28 March 2025.

The Group has also chosen to present an alternative earnings per share measure, with profit adjusted for non-underlying items as it better reflects the Group's underlying performance.

For the period	**52 weeks to 28 March 2025 Number of shares m**	52 weeks to 29 March 2024 Number of shares m
Weighted average number of shares in issue	**218.9**	218.9
Less: shares held by the Employee Benefit Trust (weighted average)	**(1.0)**	(1.5)
Weighted average number of shares for calculating basic earnings per share	**217.9**	217.4
Weighted average number of dilutive shares	**9.5**	8.5
Total number of shares for calculating diluted earnings per share	**227.4**	225.9

Potentially dilutive shares in the current year would be anti-dilutive and have therefore not been taken into account in the calculation of diluted earnings per share.

Attributable to equity shareholders for the period	**52 weeks to 28 March 2025 £m**	52 weeks to 29 March 2024 £m
(Loss) / earnings from continuing operations	**(33.6)**	29.0
Non-underlying items after tax relating to continuing operations (Note 5)	**63.8**	3.8
Earnings from continuing operations before non-underlying items	**30.2**	32.8
Earnings from discontinued operations	**–**	(12.1)
Non-underlying items after tax relating to discontinued operations (Note 10)	**–**	6.9
Earnings from discontinued operations before non-underlying items	**–**	(5.2)
Total (loss) / earnings	**(33.6)**	16.9
Total non-underlying items after tax	**63.8**	10.7
Total earnings before non-underlying items	**30.2**	27.6

For the period	**52 weeks to 28 March 2025**	52 weeks to 29 March 2024
Basic (loss) / earnings per ordinary share from continuing operations	**(15.4)p**	13.3p
Diluted (loss) / earnings per ordinary share from continuing operations	**(15.4)p**	12.7p
Basic earnings per ordinary share from continuing operations before non-underlying items	**13.8p**	15.1p
Diluted earnings per ordinary share from continuing operations before non-underlying items	**13.2p**	14.5p
Basic (loss) / earnings per ordinary share	**(15.4)p**	7.8p
Diluted (loss) / earnings per ordinary share	**(15.4)p**	7.4p
Basic earnings per ordinary share before non-underlying items	**13.8p**	12.7p
Diluted earnings per ordinary share before non-underlying items	**13.2p**	12.2p

10. Discontinued operations

On 25th January 2024 the Group announced its intention to enter into a strategic partnership with specialist tyre distributor Bond International and to close its existing tyre operation. As a consequence, on 22 February 2024, the Group sold Birkenshaw Distributors Limited ("BDL") and the wholesale customers of Stepgrades Motor Accessories Ltd ("Viking") to R & R C Bond (Holdings) Limited ("Bond"). On 22 March 2024, the remaining principal operations of Viking ceased.

The events noted above resulted in Viking and BDL being treated as a discontinued operation in the prior period. The results of the business were shown separately from the continuing business for all periods and presented on the face of the income statement as a discontinued operation. This was also reflected in the statement of comprehensive income. Earnings per share (EPS) was split between continuing and discontinued operations. The cash flows of the discontinued operation were also disclosed in the consolidated statement of cash flows.

The summary income statement for the businesses treated as a discontinued operation for the periods up to 28 March 2025 and 29 March 2024 are as follows:

Discontinued Operations	**Before Non-underlying items £m**	**Non-underlying items £m**	**Total £m**	Before Non-underlying items £m	Non-underlying items £m	Total £m
Revenue	–	–	–	16.3	–	16.3
Cost of sales	–	–	–	(13.6)	–	(13.6)
Gross profit	–	–	–	2.7	–	2.7
Operating expenses	–	–	–	(9.7)	(11.9)	(21.6)
Loss from operating activities	–	–	–	(7.0)	(11.9)	(18.9)
Net finance expense	–	–	–	–	–	–
Loss before income tax	–	–	–	(7.0)	(11.9)	(18.9)
Income tax expense	–	–	–	1.8	2.5	4.3
Loss after tax	–	–	–	(5.2)	(9.4)	(14.6)
Gain on disposal	–	–	–	–	2.5	2.5
Loss after tax from discontinued operations	–	–	–	(5.2)	(6.9)	(12.1)

The events noted for Viking and BDL were a major re-organisation of a key line of business. The costs and gains on disposal of various Viking and BDL assets associated with these events meet the definition of non-underlying items as per Group accounting policy. The breakdown of these are as follows:

For the period	**52 weeks to 28 March 2025 £m**	52 weeks to 29 March 2024 £m
Non-underlying operating expenses:		
Organisational restructure costs (a)	–	11.9
Gain on disposal of assets (b)	–	(2.5)
Non-underlying items before tax	–	9.4
Tax credit on non-underlying items	–	(2.5)
Non-underlying items after tax	–	6.9

a. In the period ended 29 March 2024, organisational restructuring costs of £11.9m were incurred relating to the disposals of the share capital of BDL and the wholesale customers of Viking, and the subsequent closure of the remaining Viking operation. Costs in relation to these activities comprised: redundancy costs £2.6m, property related restructuring provisions £3.9m, right-of-use and other asset impairment £4.1m, Viking dual running costs £0.5m and legal fees to support the transaction of £0.8m.

b. In the period ended 29 March 2024, deferred consideration of £2.9m was recognised on the contract date for the disposal of £0.4m of assets, giving rise to a £2.5m gain on disposal.

There are no other items of comprehensive income relating to discontinued operations for the period ending 28 March 2025 (2024: nil).

11. Intangible assets

	Brand names and trademarks £m	Customer relationships £m	Supplier relationships £m	Computer software £m	Goodwill £m	Total £m
Cost						
At 31 March 2023	14.1	35.2	9.4	132.8	424.7	616.2
Additions	–	–	–	23.6	–	23.6
Additions from acquisitions	–	–	–	–	0.6	0.6
Disposals	(0.4)	(0.3)	–	(0.6)	–	(1.3)
At 29 March 2024	13.7	34.9	9.4	155.8	425.3	639.1
Additions	–	–	–	18.9	–	18.9
Reclassification*	(0.6)	0.1	–	1.4	–	0.9
At 28 March 2025	**13.1**	**35.0**	**9.4**	**176.1**	**425.3**	**658.9**
Amortisation						
At 31 March 2023	6.9	15.3	3.8	86.6	21.7	134.3
Charge for the period	1.0	2.2	0.6	17.4	–	21.2
Disposals	(0.1)	–	–	(0.3)	–	(0.4)
At 29 March 2024	7.8	17.5	4.4	103.7	21.7	155.1
Charge for the period	0.8	2.1	0.6	19.3	–	22.8
Impairment	–	–	–	–	47.9	47.9
Reclassification*	(0.1)	1.7	0.2	(1.4)	–	0.4
At 28 March 2025	**8.5**	**21.3**	**5.2**	**121.6**	**69.6**	**226.2**
Net book value at 28 March 2025	**4.6**	**13.7**	**4.2**	**54.5**	**355.7**	**432.7**
Net book value at 29 March 2024	5.9	17.4	5.0	52.1	403.6	484.0

* Reclassification in FY25 relates to movement between categories in intangible assets, and £0.5m net book value reclassification from Property, Plant and Equipment (note 12)

Assets under construction relating to computer software total £1.5m (2024: £7.2m).

Included within computer software is the Avayler software platform which has a carrying value of £11.0m (2024: £8.6m) and a remaining amortisation period of 4 years (2024: 4 years).

The table below shows the split of goodwill by CGU across the Group:

	£m
Retail CGU	225.4
Autocentres CGU	130.3
Total Goodwill	**355.7**

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount of goodwill is determined based on value-in-use calculations for each of the two groups of CGUs, being Retail and Autocentres. This is the lowest level within the Group to which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 1.

This requires estimation of the present value of future cash flows expected to arise from the continuing operations of each group of CGUs. Cash flow projections are based on financial business plans prepared by management covering a five year period, which were reviewed and approved by the Board. Plans are based on both past performance and expectations for future market development, linked to the strategy of the Group as set out in the Strategic Report section in these financial statements.

These estimates require assumptions over future sales performance, future costs, and long-term growth rates, as well as the application of an appropriate discount rate. Management have used the five year projections to FY30, as approved by the Board, for the basis of the impairment reviews. This was based on modest like-for-like growth within Retail and Autocentres. The five year projections also reflect the impact of the UK Government's Autumn budget regarding increases in national insurance contributions and the national minimum wage, and the assumption that the national minimum wage continues to inflate going forward. This has a greater impact on the Retail CGU. Cash outflows required to replace leased assets, which are essential to the ongoing operation of each CGU group, were also considered and the estimates were informed by the Group's recent lease negotiations. These lease outflows are included for the duration of the impairment review cash flow models by CGU.

The growth rates used to extrapolate cash flows beyond the plan period, as set out in the table below, do not exceed long-term industry averages and reflect the revenue growth and ongoing efficiency initiatives, and the relative maturity of the two groups of CGUs. The growth rates for both the Retail and Autocentres groups of CGUs have been reviewed and updated as required to reflect the current strategy.

11. Intangible assets continued

The discount rate is a post-tax rate that reflects the current market assessment of the time value of money and the risks specific to the cash generating units. The post-tax discount rate used to calculate value in use is derived from the Group's post-tax weighted average cost of capital, incorporating the impact of IFRS 16. A key input to the discount rate calculation is the UK risk free rate. This has increased year on year resulting in a consequent increase in the discount rate. Modelling is highly sensitive to changes in the discount rate. The discount rate used is shown below:

	Notes	**2025**	2024
Discount rate	1	**9.5%**	8.9%
Growth rate – Retail	2	**1.8%**	1.7%
Growth rate – Autocentres	2	**2.8%**	2.7%

Notes:

1. Post-tax discount rate applied to the cash flow projections
2. Growth rate used to extrapolate cash flows beyond the five year plan period

The impairment testing resulted in an impairment expense of £47.9m (2024: £nil) for the Retail CGU, and £nil (2024: £nil) for Autocentres. Changes to key assumptions used can result in a significant movement in impairment outcome and could impact impairment assessments and charges going forward.

Sensitivity analysis on the key assumptions in the value-in-use calculations has been undertaken. Modelling included looking at the effect of a 1% decrease in terminal growth rate and a 1% increase in discount rate. These sensitivities both individually and combined have a material impact on the Retail segment and could result in further impairment charges should growth rates or discount rates move as illustrated. When reviewing the effects on Autocentres, in all the scenarios the model reported sufficient headroom. Results of this sensitivity analysis are shown below:

	Retail 2025 £m	**Autocentres 2025 £m**
Original (impairment)/headroom	**(47.9)**	**82.2**
(Impairment)/headroom using a discount rate increased by 1%	**(86.6)**	**34.8**
(Impairment)/headroom using a terminal growth rate decreased by 1%	**(76.3)**	**45.4**
(Impairment)/headroom using a combined 1% decrease in terminal growth rate and 1% increase in discount rate	**(108.5)**	**7.4**

In addition to the sensitivity testing performed, management have performed a stress test which shows that EBIT year on year would have to decrease by 11% within Autocentres before an impairment issue would be triggered. This is highly unlikely.

12. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Total £m
Cost			
At 31 March 2023	94.4	304.0	398.4
Additions	5.4	14.7	20.1
Disposals	(1.6)	(6.5)	(8.1)
At 29 March 2024	98.2	312.2	410.4
Additions	10.0	23.8	33.8
Disposals	(1.3)	(4.2)	(5.5)
Reclassification	(1.6)	1.1	(0.5)
At 28 March 2025	**105.3**	**332.9**	**438.2**
Depreciation			
At 31 March 2023	61.5	239.1	300.6
Depreciation for the period	5.5	21.7	27.2
Impairment charge	–	0.5	0.5
Disposals	(1.3)	(6.1)	(7.4)
At 29 March 2024	65.7	255.2	320.9
Depreciation for the period	7.9	20.9	28.8
Impairment charge	1.3	0.7	2.0
Disposals	(1.2)	(4.0)	(5.2)
At 28 March 2025	**73.7**	**272.8**	**346.5**
Net book value at 28 March 2025	**31.6**	**60.1**	**91.7**
Net book value at 29 March 2024	32.5	57.0	89.5

Assets under construction relating to fixtures, fittings and equipment total £0.4m (2024: £2.7m).

No fixed assets are held as security for external borrowings.

No interest or other borrowing costs have been recognised within additions for the period (2024: nil).

13. Leases

All leases where the Group is a lessee are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

The Group's leases relate to the store and garage premises from which the Group operates with average lease terms of 5-10 years.

i) Amounts recognised in Consolidated Statement of Financial Position

Right-of-Use Assets

	Land and buildings £m	Equipment £m	Total £m
At 31 March 2023	304.8	7.8	312.6
Additions to right-of-use assets	31.7	11.6	43.3
Amortisation charge for the year	(74.0)	(5.7)	(79.7)
Effect of modification of lease	10.5	–	10.5
Derecognition of right-of-use assets	(5.6)	–	(5.6)
Impairment charge	(2.8)	–	(2.8)
At 29 March 2024	264.6	13.7	278.3
Additions to right-of-use assets	37.8	11.9	49.7
Amortisation charge for the year	(72.1)	(7.4)	(79.5)
Effect of modification of lease	4.5	–	4.5
Reclassification of subleased asset to other receivables (note 15)	(0.8)	–	(0.8)
Derecognition of right-of-use assets	(2.0)	–	(2.0)
Impairment charge	(7.9)	–	(7.9)
At 28 March 2025	**224.1**	**18.2**	**242.3**

The impairment charge of £7.9m (2024: £2.8m) relates to the garage store closure project (£7.0m) and retail right-of-use asset impairment (£0.9m), both of which are included within non-underlying items.

13. Leases continued

The derecognition of right of use assets and disposals of lease liabilities relates to ongoing store and garage closure programmes where leases have been exited before their original exit date.

Modification of leases relates to renegotiations of leases following discussions with landlords.

Lease Liabilities

	Land and buildings £m	Equipment £m	Total £m
At 31 March 2023	337.5	9.4	346.9
Additions on acquisition of subsidiary	–	–	–
Additions to lease liabilities	31.8	10.5	42.3
Interest expense	8.5	0.5	9.0
Effect of modification to lease	11.1	(0.5)	10.6
Lease payments	(87.7)	(5.9)	(93.6)
Disposals to lease liabilities	(7.8)	–	(7.8)
Foreign exchange movements	(0.2)	–	(0.2)
At 29 March 2024	293.2	14.0	307.2
Additions to lease liabilities	36.9	11.8	48.7
Interest expense	8.3	1.1	9.4
Effect of modification to lease	4.4	–	4.4
Lease payments	(88.2)	(8.3)	(96.5)
Disposals to lease liabilities	(1.7)	–	(1.7)
Foreign exchange movements	(0.1)	–	(0.1)
At 28 March 2025	**252.8**	**18.6**	**271.4**

Carrying value of lease liabilities included in the Statement of Financial Position	**28 March 2025 £m**	29 March 2024 £m
Current liabilities	**78.6**	79.1
Non-current liabilities	**192.8**	228.1
Total lease liabilities	**271.4**	307.2

Lease liabilities	**28 March 2025 £m**	29 March 2024 £m
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**87.0**	87.5
Between one and two years	**67.6**	78.8
Between two and three years	**50.5**	56.8
Between three and four years	**37.5**	40.7
Between four and five years	**21.5**	27.3
Between five and six years	**15.0**	16.9
Between six and seven years	**12.0**	13.7
Between seven and eight years	**7.9**	10.7
Between eight and nine years	**2.1**	6.9
Between nine and ten years	**1.7**	1.2
After ten years	**3.2**	2.8
Total contractual cash flows	**306.0**	343.3

Finance sub-lease receivable

	28 March 2025 £m	29 March 2024 £m
<1 year	**0.3**	–
1-2 years	**0.2**	–
2-5 years	**0.3**	–
6-10 years	**–**	–
Total undiscounted lease payments receivable	**0.8**	–
Unearned finance income	**(0.1)**	–
Net investment in the lease	**0.7**	–

13. Leases continued

ii) Amounts recognised in Consolidated Income Statement

	Land and buildings £m	Equipment £m	Total £m
52 weeks ended 28 March 2025			
Amortisation charge on right-of-use assets	**72.1**	**7.4**	**79.5**
Interest on lease liabilities	**8.3**	**1.1**	**9.4**
Expenses relating to short-term leases	**5.4**	**1.3**	**6.7**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**–**	**0.3**	**0.3**
52 weeks ended 29 March 2024			
Amortisation charge on right-of-use assets	74.0	5.7	79.7
Interest on lease liabilities	8.5	0.5	9.0
Expenses relating to short-term leases	5.1	1.3	6.4
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	–	0.3	0.3

iii) Amounts recognised in Consolidated Statement of Cash Flows

The total cash outflow for leases in the period ended 28 March 2025 was £96.5m (2024: £93.6m).

14. Inventories

	28 March 2025 £m	29 March 2024 £m
Finished goods for resale	**225.2**	237.5

Finished goods inventories include £11.5m (2024: £12.2m) of provisions to carry inventories at net realisable value where such value is lower than cost. During the period £0.7m of inventory including returned goods provisions were released (2024: £1.2m).

Goods bought for resale recognised as a cost of sale amounted to £823.7m (2024 restated: £867.1m). The prior period balance has been restated to include certain Autocentres balances previously omitted in error.

15. Trade and other receivables

	28 March 2025 £m	29 March 2024 £m
Falling due within one year:		
Trade receivables	**69.5**	64.1
Less: provision for impairment of receivables	**(0.6)**	(0.4)
Trade receivables – net of provisions	**68.9**	63.7
Other receivables	**25.4**	37.5
Accrued income	**45.9**	51.3
Prepayments	**13.5**	8.5
	153.7	161.0
Falling due after one year:		
Other receivables	**1.8**	2.3
Finance sub-lease receivable	**0.7**	–
	2.5	2.3

Information regarding the Group's exposure to credit and market risks and impairment losses for trade and other receivables is included in Note 21.

Accrued income at 28 March 2025 includes £33.4m (2024: £38.3m) relating to supplier income.

Other receivables at 28 March 2025 includes £6.7m (2024: £5.2m) relating to a supplier financing arrangement.

16. Cash and cash equivalents

	28 March 2025 £m	29 March 2024 £m
Cash at bank and in hand	**19.1**	13.3

NOTES TO THE FINANCIAL STATEMENTS

17. Borrowings

Current	28 March 2025 £m	29 March 2024 £m
Other borrowings	**0.2**	1.8
Lease liabilities	**78.6**	79.1
	78.8	80.9
Non-current		
Drawdown on RCF (subject to covenants, see below)	**8.8**	19.6
Lease liabilities	**192.8**	228.1
	201.6	247.7

The Group's borrowing facility is a committed three year £180m revolving credit facility, with a one year extension option, of which £20.0m is designated as an overdraft facility, which began on 4 December 2020. On 16th April 2024 the facility was extended for a further 4 years to 16 April 2028 with a 1 year extension option. The facility carries an interest rate of SONIA plus a margin, which is variable based on the gearing measures as set out in the facility covenant certificate and which is currently 200 basis points. Both utilisation and non-utilisation fees are also applicable, being charged when utilisation rises above a set percentage with non-utilisation based on a set percentage of the applicable margin. These charges are based on market rates as are the commitment fees.

The Group's borrowing facility includes covenants that require a Consolidated EBITDAR to Consolidated Total Net Interest Payable ratio above 1.5:1 and Consolidated Total Net Borrowings to Consolidated EBITDA to not exceed 3.0:1 with testing on or around 31 March and 30 September every year and submission 180 days thereafter. The loan will be repayable on demand if these covenants are not met.

The Group's covenant ratios on 28 March 2025 were as follows:

Consolidated EBITDAR to consolidated total net interest payable	**2.0 : 1**
Consolidated total net borrowings to consolidated EBITDA	**0.0 : 1**

The covenant requirements were therefore complied with and consequently on 28 March 2025, the loan is not repayable on demand and is classified as non-current.

The Group had the following committed borrowing facilities available at each balance sheet date in respect of which all conditions precedent had been met:

	28 March 2025 £m	29 March 2024 £m
Expiring between 2 and 5 years	**180.0**	180.0
	180.0	180.0

The committed facility of £180.0m (2024: £180.0m) relates to the Group's revolving credit facility, of which £20.0m is designated as an overdraft facility. This facility incurred commitment fees at market rates.

18. Trade and other payables

	28 March 2025 £m	29 March 2024 £m
Current liabilities		
Trade payables	**213.6**	242.8
Other taxation and social security payable	**43.4**	38.0
Other payables	**0.4**	0.9
Accruals and deferred income	**99.7**	86.7
	357.1	368.4
Non-current liabilities		
Accruals and deferred income	**3.4**	3.6
	3.4	3.6

Trade and other payables at 28 March 2025 includes £7.7m (2024: £8.3m) of deferred income in relation to product warranties and service and repair plans, of which £4.3m (2024: £4.8m) is within current liabilities and £3.4m (2024: £3.6m) is within non-current liabilities. The accruals and deferred income balance also includes £16.0m (2024: £12.0m, 2023: £19.1m) of payments made in advance of goods and services being provided to customers.

Items included in accruals and deferred income at 29 March 2024 that have been recognised within revenue in the current period total £20.2m (2024: £24.4m).

Accruals and deferred income at 29 March 2024 included deferred consideration of £4.0m relating to the acquisition of Lodge Tyre on 4 October 2022, which was paid during the period ended 28 March 2025.

19. Provisions

	Property related £m	Other trading £m	Total £m
At 29 March 2024	17.9	5.6	23.5
Charged during the period	9.1	2.1	11.2
Utilised during the period	(5.7)	–	(5.7)
Released during the period	(2.6)	(0.1)	(2.7)
At 28 March 2025	**18.7**	**7.6**	**26.3**
Analysed as:			
Current liabilities	7.8	7.6	15.4
Non-current liabilities	10.9	–	10.9
Total Provisions at 28 March 2025	**18.7**	**7.6**	**26.3**

Property related provisions consist of costs of associated wear and tear incurred on leasehold properties, other ongoing onerous commitments associated with property leases (excluding rent), and costs related to the forecast and actual exit of closed stores and garages. Of the £9.1m charged in the period, £3.4m is within garage closure costs in non-underlying items. The property related provisions will be utilised over the average remaining lease term of the impacted properties of 2.6 years.

Other trading provisions comprise a sales returns provision and an employer/product liability provision.

20. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon in the current and prior reporting periods.

	Property related items £m	Short term temporary differences £m	Share-based payments £m	Intangible assets £m	Tax losses £m	Total £m
At 31 March 2023	9.1	2.0	2.5	(8.6)	5.9	10.9
(Charge)/credit to the income statement	(6.4)	0.2	(0.7)	1.0	0.5	(5.4)
Charge to other comprehensive income	–	(0.4)	–	–	–	(0.4)
At 29 March 2024	2.7	1.8	1.8	(7.6)	6.4	5.1
(Charge)/credit to the income statement	**(0.7)**	**1.4**	**(0.3)**	**1.4**	**0.6**	**2.4**
Charge to other comprehensive income	–	**(0.2)**	–	–	–	**(0.2)**
At 28 March 2025	**2.0**	**3.0**	**1.5**	**(6.2)**	**7.0**	**7.3**
Analysed as:						
Deferred tax assets	7.9	3.0	1.5	–	7.0	19.4
Deferred tax liabilities	(5.9)	–	–	(6.2)	–	(12.1)
Total at 28 March 2025	**2.0**	**3.0**	**1.5**	**(6.2)**	**7.0**	**7.3**

Deferred income tax assets and liabilities are offset when the group has a legally enforceable right to do so and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	28 March 2025 £m	29 March 2024 £m
Deferred tax assets	**19.4**	17.7
Deferred tax liabilities	**(12.1)**	(12.6)
	7.3	5.1

Unrecognised deferred tax

No deferred tax asset has been recognised in respect of £33.0m (2024: £32.5m) relating to unused tax losses as it is not considered probable that there will be future taxable profits available for offset. The net impact of this balance is an unrecognised deferred tax asset of £8.3m (2024: £8.1m). These losses may be carried forward indefinitely.

21. Financial instruments and related disclosures

a) Treasury policy

The Group's treasury department's main responsibilities are to:

- Ensure adequate funding and liquidity for the Group;
- Manage the interest risk of the Group's debt;
- Invest surplus cash;
- Manage the clearing bank operations of the Group; and
- Manage the foreign exchange risk on its non-sterling cash flows.

Treasury activities are delegated by the Board to the Chief Financial Officer ("CFO"). The CFO controls policy and performance through the line management structure to the Group Head of Treasury and by reference to the Treasury Committee. The Treasury Committee meets regularly to monitor the performance of the Treasury function.

Policies for managing financial risks are governed by Board approved policies and procedures, which are reviewed on an annual basis.

The Group's debt management policy is to provide an appropriate level of funding to finance the Business Plan over the medium term at a competitive cost and ensure flexibility to meet the changing needs of the Group. Details of the Group's current borrowing facilities are contained in Note 17.

b) Accounting classifications and fair value

		Carrying amount		
28 March 2025	**Note**	**Fair value – hedging instruments £m**	**Amortised cost £m**	**Total carrying amount £m**
Financial assets measured at fair value				
Forward exchange contracts used for hedging		**0.9**	**–**	**0.9**
		0.9	**–**	**0.9**
Financial assets not measured at fair value				
Trade and other receivables*	15	**–**	**96.1**	**96.1**
Cash and cash equivalents	16	**–**	**19.1**	**19.1**
		–	**115.2**	**115.2**
Financial liabilities measured at fair value				
Forward exchange contracts used for hedging		**(0.8)**	**–**	**(0.8)**
		(0.8)	**–**	**(0.8)**
Financial liabilities not measured at fair value				
Borrowings	17	**–**	**(9.0)**	**(9.0)**
Lease liabilities	17	**–**	**(271.4)**	**(271.4)**
Trade and other payables**	18	**–**	**(293.0)**	**(293.0)**
Option to acquire minority interest in subsidiary***		**–**	**(3.9)**	**(3.9)**
		–	**(577.3)**	**(577.3)**

* Prepayments of £13.5m, accrued income of £45.9m and finance sublease receivable of £0.7m are not included as a financial asset

** Other taxation and social security payables of £43.4m, other payables of £0.4m, deferred income due within one year of £20.3m and due after more than one year of £3.4m are not included as a financial liability

*** Option held by minority interest to require the Group to repurchase shares in Avayler Trading Limited should certain conditions be met

21. Financial instruments and related disclosures continued

29 March 2024	Note	Carrying amount Fair value – hedging instruments £m	Amortised cost - restated** £m	Total carrying amount - restated** £m
Financial assets measured at fair value				
Forward exchange contracts used for hedging		0.2	–	0.2
		0.2	–	0.2
Financial assets not measured at fair value				
Trade and other receivables*	15	–	103.5	103.5
Cash and cash equivalents	16	–	13.3	13.3
		–	116.8	116.8
Financial liabilities measured at fair value				
Forward exchange contracts used for hedging		(1.6)	–	(1.6)
		(1.6)	–	(1.6)
Financial liabilities not measured at fair value				
Borrowings	17	–	(21.4)	(21.4)
Lease liabilities	17	–	(307.2)	(307.2)
Trade and other payables**	18	–	(312.8)	(312.8)
		–	(641.4)	(641.4)

* Prepayments of £8.5m and accrued income of £51.3m are not included as a financial asset

** Other taxation and social security payables of £38.0m, other payables of £0.9m, deferred income due within one year of £16.7m and due after more than one year of £3.6m are not included as a financial liability. Trade and other payables has been restated to include accruals of £70.0m, previously omitted from this table

The fair values of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short-term deposits and borrowings

The fair value approximates to the carrying amount predominantly because of the short maturity of these instruments.

Long-term borrowings

The fair value of bank loans and other loans approximates to the carrying value reported in the balance sheet as the majority are floating rate where payments are reset to market rates at intervals of less than one year

Forward currency contracts

The fair value is determined using the mark to market rates at the reporting date and the outright contract rate.

Option to acquire minority interest in subsidiary

The fair value is determined according to a valuation methodology set out in the related shareholder agreement.

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured by a Level 2 valuation method.

c) Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

i) Risk management framework

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors are responsible for establishing the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

21. Financial instruments and related disclosures continued

The Group Audit Committee oversees how management monitors compliance with the Group's risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was £116.5m (2024: £117.9m).

Impairment losses on financial assets recognised in profit or loss were as follows:

£m	**52 weeks to 28 March 2025**	52 weeks to 29 March 2024
Impairment loss on trade and other receivables	**(0.7)**	(0.1)
Impairment loss on cash and cash equivalents	**–**	–
	(0.7)	(0.1)

Trade receivables

The Group does not have any individually significant customers and so no significant concentration of credit risk.

The majority of the Group's sales are paid in cash at point of sale which further limits the Group's exposure. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month for customers.

The Group has taken into account the historic credit losses incurred on trade receivables and adjusted it for forward-looking estimates. The movement in the allowance for impairment in respect of trade receivables during the period was a £0.2m increase (2024: £0.1m decrease).

Cash and cash equivalents

The Group held cash and cash equivalents of £19.1m at 28 March 2025 (2024: £13.3m). The cash and cash equivalents are held with banks and financial institutions which are designated 'A' by Standard & Poor and Fitch, and 'A1' by Moody's. The Group does not consider there to be any impairment loss in respect of these balances (2024: £nil).

Derivatives

The derivatives are entered into with banks and financial institutions counterparties which are designated at least 'BBB-' by Standard & Poor and 'A3' by Moody's.

iii) Market risk

The Group's exposure to market risk predominantly relates to interest, currency and commodity risk. These are discussed further below. Commodity risk is due to the Group's products being manufactured from metals and other raw materials, subject to price fluctuation. The Group mitigates this risk through negotiating fixed purchase costs or maintaining flexibility over the specification of finished products produced by its supply chain to meet fluctuations.

Foreign currency risk

The Group has a significant transaction exposure with increasing direct sourced purchases from its suppliers in the Far East & Europe. Most of the trade is denominated in US dollars and the Group enters into forward contracts in order to manage this risk, as detailed later within this note.

The Group does not hedge either economic exposure or the translation exposure arising from the profits, assets and liabilities of non-sterling businesses whilst they remain immaterial.

During the 52 weeks to 28 March 2025, the foreign exchange management policy was to hedge via foreign currency bank accounts and forward contract purchases on a rolling 24 month basis depending on market rates such that by 3 months prior to creditor settlement between 90% and 100% of the forecast transaction value has been hedged.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount, and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedging item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- The effect of the counterparty and Group's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- Changes in the timing of the hedged item.

21. Financial instruments and related disclosures continued

Changes in the Group's foreign exchange hedging policy and recent favourable exchange rate movements have led to a greater proportion of our foreign exchange exposures due in more than one year being covered further in advance than in the prior period.

At 28 March 2025 the Group held the following instruments to hedge exposures to changes in foreign currency:

	Maturity		
Forward exchange contracts	**1–6 months**	**6–12 months**	**More than one year**
Net exposure (in £m)	**70.4**	**46.2**	**25.3**
Average GBP:USD forward contract rate	**1.286**	**1.299**	**1.307**

At 29 March 2024 the Group held the following instruments to hedge exposures to changes in foreign currency:

	Maturity		
Forward exchange contracts	1–6 months	6–12 months	More than one year
Net exposure (in £m)	64.4	33.4	9.5
Average GBP:USD forward contract rate	1.242	1.259	1.262

The amounts at the reporting date relating to items designated as hedged items were as follows:

Forward currency risk	**Cash flow hedge reserve £m**
At 28 March 2025	
Inventory purchases	**(0.6)**
At 29 March 2024	
Inventory purchases	**(0.6)**

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	28 March 2025		**29 March 2024**	
	USD £m	**Other £m**	**USD £m**	**Other £m**
Cash and cash equivalents	**1.1**	**0.8**	**0.6**	**0.6**
Trade and other receivables	**0.2**	**–**	**1.1**	**–**
Trade and other payables	**(21.1)**	**(3.3)**	**(27.6)**	**(2.0)**
	(19.8)	**(2.5)**	**(25.9)**	**(1.4)**

The table below shows the Group's sensitivity to foreign exchange rates on its US dollar financial instruments, the major currency in which the Group's derivatives are denominated.

	2025 Increase/ (decrease) in equity £m
10% appreciation of Sterling against the US dollar	**15.8**
10% depreciation of Sterling against the US dollar	**(12.9)**

A strengthening/weakening of Sterling, as indicated, against the USD at 28 March 2025 would have increased / (decreased) equity and profit or loss by the amounts shown above. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The movements in equity relate to the fair value movements on the Group's forward contracts that are used to hedge future stock purchases.

Interest rate risk

The Group's policy aims to manage the interest cost of the Group within the constraints of the Business Plan and its financial covenants. The Group's borrowings are currently subject to floating interest rates and the Group will continue to monitor movements in the swap market.

NOTES TO THE FINANCIAL STATEMENTS

21. Financial instruments and related disclosures continued

If interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) were to change by + or – 1% the impact on the results in the Income Statement and equity would be a decrease/increase of £nil m (2024: £0.4m).

Interest rate movements on deposits, obligations under leases, trade payables, trade receivables, and other financial instruments do not present a material exposure to the Group's statement of financial position.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group manages capital by operating within a debt ratio, which is calculated as the ratio of net debt to underlying EBITDA. The Group was in a net cash position as at 28 March 2025 (2024: net debt).

Pension liability risk

The Group has no association with any defined benefit pension scheme and therefore carries no deferred, current or future liabilities in respect of such a scheme. The Group operates a number of Group Personal Pension Plans for colleagues.

Liquidity risk

The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Group for the current Business Plan.

For providers of debt, the Group ensured that such counterparties used for credit transactions held at least an investment grade credit rating at the time of the refinancing (December 2020) and in April 2024 when the Group's borrowing facility was extended to April 2028. At the period end the banks within the banking group maintained a credit rating of BBB- or above, in line with Treasury policy. The counterparty credit risk is reviewed by the Chief Financial Officer regularly as part of the Treasury Committee process. In addition, Treasury review credit exposure on a daily basis.

The risk is measured through regular review of forecast liquidity by the Head of Treasury to determine whether there are sufficient credit facilities to meet forecast requirements, and through monitoring covenants on a regular basis to ensure there are no breaches, which would lead to an "Event of Default". Calculations are submitted biannually to the Group banking agent. There have been no breaches of covenants during the reported periods.

The contractual maturities of leases liabilities are disclosed in Note 13. All trade and other payables are due within one year.

The following table provides an analysis of the anticipated contractual cash flows for the Group's forward currency contracts categorised in accordance with the receivable/payable status of the period end fair value of the derivatives. Cash flows receivable in foreign currencies are translated using spot rates as at the period end date.

	2025	
	Receivables £m	**Payables £m**
Fair value of derivatives	**0.9**	**(0.8)**
Contractual cashflows relating to the above:		
Due less than one year	**63.8**	**52.5**
Due between 1 and 2 years	**25.5**	**–**
Total contractual cash flows	**89.3**	**52.5**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

22. Capital and reserves

Ordinary shares of 1p each:	**2025 Number of shares**	**2025 £'000**	2024 Number of shares	2024 £'000
Allotted, called up and fully paid	**218,928,736**	**2,189**	218,928,736	2,189

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In total the Company received proceeds of £0.6m (2024: £4.2m) from the exercise of share options. During the period the Company purchased £3.6m (2024: £10.2m) of its own shares.

22. Capital and reserves continued

Investment in own shares

At 28 March 2025 the Company held in Trust 1,051,024 (2024: 502,138) of its own shares with a nominal value of £10,510 (2024: £5,021). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 28 March 2025 was £1.4m (2024: £0.8m). In the current period 2,471,528 (2024: 5,176,875) were repurchased and transferred into the Trust, with 1,922,642 (2024: 5,647,949) reissued on exercise of share options.

Other reserves

Capital redemption reserve

The capital redemption reserve arose following the purchase and cancellation by the Company of its own shares and comprises the amount by which the distributable profits were reduced on these transactions in accordance with the Companies Act 2006.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Non-controlling interest

A non-controlling interest arose following the sale of a minority interest in Avayler Trading Limited in the prior period. The non-controlling interest balance is measured by the proportion of net assets at the date of the initial sale, with the closing balance also including the total profit attributable to the third party since the date of the share disposal.

23. Share based payments

The Group has six share award plans, all of which are equity settled schemes. The Group income statement charge recognised in respect of share based payments for the current period is £3.9m (2024: £3.8m).

1. Halfords Company Share Option Scheme (CSOS)

The CSOS was introduced in June 2004 and the Company made annual grants up to and including 2016. Options were granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is ten periods.

Options granted before August 2013 became exercisable on the third anniversary of the date of grant, subject to the achievement of a three-period performance condition. For grants up to 150% of basic salary the options could only be exercised if the increase in earnings per share ("EPS") over the period is not less than the increase in the Retail Price Index ("RPI") plus 3.5% per period. In the case of grants in excess of 150% of basic salary, the excess could only be exercised in full if the increase is not less than RPI plus 10% per period. Exercise of an option is subject to continued employment.

The expected volatility is based on historical volatility of a peer group of companies since the IPO in June 2004. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds.

Options were valued using the Black-Scholes option-pricing models. No performance conditions were included in the fair value calculations.

2. Management Share Plan ('MSP')

In 2017 the CSOS was replaced by the MSP. Nil cost options have been granted which can be exercised on or after the third anniversary of the date on which they are granted. The option cannot be exercised later than ten years from the date on which it was granted. Exercise of an option is subject to continued employment.

The expected volatility is based on historical volatility of a peer group of companies. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds.

Options were valued using the Black-Scholes option-pricing models. No performance conditions were included in the fair value calculations.

3. Halfords Sharesave Scheme ("SAYE")

The SAYE is open to all employees with eligible employment service. Options may be exercised under the scheme if the option holder completes their saving contract for a period of three periods and then not more than six months thereafter. Special provisions allow early exercise in the case of death, injury, disability, redundancy, retirement or because the company or business which employs the option holder is transferred out of the Group, or in the event of a change in control, reconstruction or winding up of the Company.

Options were valued using the Black-Scholes option-pricing models.

4. Performance Share Plan ("PSP")

The introduction of the PSP was approved at the Annual General Meeting in August 2005 awarding the Executive Directors and certain senior management conditional rights to receive shares. Annual schemes have been approved for each period from 2005.

For 2009 awards onwards, the Remuneration Committee has recommended the reinvestment of dividends earned on award shares, such shares to be awarded in proportion to the vesting of the original award shares. The grants awarded under the PSP in 2019, 2020, 2022 and 2023 earned a final dividend of 5.0p per share and were reinvested at a cost of £1.486 per share. PSP grants awarded in 2019, 2020, 2022, 2023 and 2024 earned an interim dividend of 3.0p per share and were reinvested at a cost of £1.284 per share.

23. Share based payments continued

The performance criteria for the 2019 PSP award was weighted 50% towards Group EPS growth, 25% towards Group revenue growth and 25% towards Group Free Cash Flow. The 2020 PSP award performance criteria was weighted 20% towards Group EPS growth, 30% towards Group Free Cash Flow, 10% towards Group services-related sales and 40% towards total shareholder return. The performance criteria for the 2021, 2022, 2023 and 2024 awards are weighted 50% towards Group EPS growth, 20% towards Group services-related sales and 30% towards total shareholder return.

For the 2019 PSP scheme other senior participants conditions were based on the performance of the individual business units. The awards are weighted 37.5% towards Group EPS growth targets, 12.5% weighted towards Group revenue growth targets and 50% weighted toward EBIT of the individual business unit.

Options were valued using the Black–Scholes option-pricing models. For 2020 onwards scheme options relating to the total shareholder return tranche were valued using the Monte Carlo option-pricing model.

5. Deferred Bonus Plan ('DBP')

Under the Deferred Bonus Plan ('DBP') one third of the executive's annual bonus is deferred as shares for three periods.

6. Restricted Share Plan – Senior Management Plan ('RSP-SMP')

In the period, two additional RSP-SMP awards were granted to certain senior management excluding the CEO and CFO. They were granted to participants on 9 July 2024 and have two different performance period end dates: 1 October 2025 and 1 October 2026.

Nil cost options have been granted which can be exercised on the first anniversary and second anniversary of the grant date for the two awards granted on 9 July 2024. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model.

The following tables reconcile the number of share options outstanding and the weighted average exercise price (WAEP) for all share award plans.

For the period ended 28 March 2025

	CSOS		**MSP**		**SAYE**		**PSP**		**RSP-SM**	
	Number ('000)	**WAEP (£)**	**Number ('000)**	**WAEP (£)**	**Number ('000)**	**WAEP (£)**	**Number ('000)**	**WAEP (£)**	**Number ('000)**	**WAEP (£)**
Outstanding at start of period	**–**	**–**	**2,933**	**2.01**	**6,387**	**1.36**	**8,457**	**–**	**–**	**–**
Granted	**–**	**–**	**1,843**	**1.49**	**3,228**	**1.19**	**2,315**	**–**	**592**	**1.51**
Shares representing dividends reinvested	**–**	**–**	**–**	**–**	**–**	**–**	**372**	**–**	**–**	**–**
Forfeited	**–**	**–**	**–**	**–**	**(2,143)**	**1.43**	**(752)**	**–**	**–**	**–**
Exercised	**–**	**–**	**(277)**	**2.65**	**(226)**	**1.31**	**(1,340)**	**–**	**–**	**–**
Lapsed	**–**	**–**	**(592)**	**1.85**	**(491)**	**1.29**	**(1,371)**	**–**	**(72)**	**1.51**
Outstanding at end of period	**–**	**–**	**3,907**	**1.71**	**6,755**	**1.26**	**7,681**	**–**	**520**	**1.51**
Exercisable at end of period	**–**	**–**	**399**	**–**	**117**	**–**	**–**	**–**	**–**	**–**
Exercise price range (£)	**–**	**–**	**–**	**–**	**–**	**1.07–1.16**	**–**	**–**	**–**	**–**
Weighted average remaining contractual life (periods)	**–**	**–**	**–**	**8.6**	**–**	**2.3**	**–**	**8.3**	**–**	**1.0**

For the period ended 29 March 2024

	CSOS		MSP		SAYE		PSP	
	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)	Number ('000)	WAEP (£)
Outstanding at start of period	240	3.71	2,297	2.05	8,267	1.28	8,160	–
Granted	–	–	1,310	1.93	3,383	1.51	2,216	–
Shares representing dividends reinvested	–	–	–	–	–	–	317	–
Forfeited	–	–	–	–	–	–	(1,097)	–
Exercised	–	–	(390)	1.99	(3,944)	1.34	(1,139)	–
Lapsed	(240)	3.71	(284)	1.99	(1,319)	1.28	–	–
Outstanding at end of period	–	–	2,933	2.01	6,387	1.36	8,457	–
Exercisable at end of period	–	–	295	–	264	–	–	–
Exercise price range (£)	–	–	–	–	–	1.16–1.79	–	–
Weighted average remaining contractual life (periods)	–	–	–	8.2	–	2.5	–	5.4

23. Share based payments continued

The following table gives the assumptions applied to the options granted in the respective periods shown:

	52 weeks to 28 March 2025					52 weeks to 29 March 2024		
Grant date	**MSP**	**SAYE**	**PSP**	**RSP-SM 1**	**RSP-SM 2**	MSP	SAYE	PSP
Share price at grant date (£)	**1.48**	**1.33**	**1.48**	**1.51**	**1.51**	1.93	1.98	1.93
Exercise price (£)	**–**	**1.18**	**–**	**–**	**–**	–	1.51	–
Expected volatility	**51.25%**	**50.08%**	**50.43%**	**52.39%**	**50.48%**	50.16%	52.93%	53.26%
Option life (periods)	**10**	**3**	**3**	**10**	**10**	10	3	3
Expected life (periods)	**3.00**	**3.50**	**2.75**	**1.32**	**2.32**	2.75	3.50	3.00
Risk free rate	**–**	**4.14%**	**–**	**–**	**–**	–	3.6%	–
Expected dividend yield	**5.76%**	**6.37%**	**0.00%**	**6.61%**	**6.61%**	5.06%	4.95%	–
Probability of forfeiture	**33%**	**44%**	**0%**	**0%**	**0%**	33%	44%	0%
Weighted average fair value of options granted	**1.24**	**0.40**	**1.18**	**1.39**	**1.30**	1.66	0.75	1.68

As the MSP, PSP and RSP-SM awards have a nil exercise price the risk free rate of return does not have any effect on the estimated fair value and therefore is excluded from the above table.

24. Commitments

	2025 £m	2024 £m
Capital expenditure: Contracted but not provided	**–**	–

25. Pensions

Employees are offered membership of the Halfords Pension, which is a contract based plan, where each member has their own individual pension policy, which they monitor independently. The costs of contributions to the scheme are charged to the income statement in the period that they arise. The contributions to the scheme for the period amounted to £7.6m (2024: £6.8m).

In accordance with Government initiatives, Halfords operates an automatic enrolment process with regards to its pension arrangements. Employees who are aged between 22 and state pension age, earn more than £10,000 a year, and work in the UK, are automatically enrolled into the Group pension arrangement. Employees retain the right to withdraw from this pension arrangement; however, election of this choice must be made.

26. Related Party Transactions

The Group's ultimate parent company is Halfords Group plc. A listing of all related undertakings is shown within the financial statements of the Company on pages 182 to 189.

Transactions with key management personnel

The key management personnel of the Group comprise the Executive and Non-Executive Directors and the Halfords Limited and Halfords Autocentres management boards. The details of the remuneration, long-term incentive plans, shareholdings and share option entitlements of individual Directors are included in the Directors' Remuneration Report on pages 114 to 122. Key management compensation is disclosed in Note 4.

Directors of the Company control 0.50% of the ordinary shares of the Company.

27. Off balance sheet arrangements

The Group has no off balance sheet arrangements to disclose as required by S410A of the Companies Act 2006.

COMPANY BALANCE SHEET

	Notes	28 March 2025 £m	29 March 2024 Restated* £m
Fixed assets			
Investments	4	**794.2**	817.6
Current assets			
Debtors falling due after more than one year	5	**–**	55.7
Debtors falling due within one year	5	**8.9**	22.2
Cash at bank and in hand	6	**3.8**	0.8
		12.7	78.7
Creditors: amounts falling due within one year	7	**(141.7)**	(423.9)
Net current liabilities		**(129.0)**	(345.2)
Creditors: amounts falling due after more than one year	7	**(8.8)**	(19.6)
Net assets		**656.4**	452.8
Capital and reserves			
Called up share capital	9	**2.2**	2.2
Share premium account	9	**212.4**	212.4
Investment in own shares	9	**(1.6)**	(1.0)
Capital redemption reserve	9	**0.3**	0.3
Profit and loss account	9	**443.1**	238.9
Total shareholders' funds		**656.4**	452.8

* Please see note 16 for further details

The notes on pages 184 to 189 form part of the Company's financial statements.

The Company has elected to prepare its financial statements under FRS 101 and the accounting policies are outlined on page 184.

The Company made a profit before dividends paid for the 52 week period to 28 March 2025 of £220.5m (52 week period to 29 March 2024: £32.5m loss). The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

The financial statements on pages 182 to 189 were approved by the Board of Directors on 25 June 2025 and were signed on its behalf by:

Jo Hartley
Chief Financial Officer

Company number: 04457314

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital £m	Share Premium £m	Investment in own shares £m	Capital redemption £m	Retained Earnings £m	Total £m
At 31 March 2023	2.2	212.4	(1.9)	0.3	296.2	**509.2**
Loss for the period	–	–	–	–	(32.5)	**(32.5)**
Purchase of own shares	–	–	(10.2)	–	–	**(10.2)**
Share options exercised	–	–	11.1	–	(6.9)	**4.2**
Share based payments	–	–	–	–	3.8	**3.8**
Dividends paid	–	–	–	–	(21.7)	**(21.7)**
At 29 March 2024	2.2	212.4	(1.0)	0.3	238.9	**452.8**
Profit for the period	–	–	–	–	220.5	**220.5**
Purchase of own shares	–	–	(3.6)	–	–	**(3.6)**
Share options exercised	–	–	3.0	–	(2.8)	**0.2**
Share based payments	–	–	–	–	3.9	**3.9**
Dividends paid	–	–	–	–	(17.4)	**(17.4)**
At 28 March 2025	2.2	212.4	(1.6)	0.3	443.1	**656.4**

ACCOUNTING POLICIES

Accounting convention

The accounts of the Company are prepared for the period up to the Friday closest to 31 March each year. Consequently, the financial statements for the current period cover the 52 weeks to 28 March 2025, whilst the comparative period covered the 52 weeks to 29 March 2024. The accounts are prepared under the historical cost convention, except where Financial Reporting Standards require an alternative treatment in accordance with applicable UK accounting standards and, specifically, in accordance with the accounting policies set out below. The principal variation to the historical cost convention relates to share-based payments.

Basis of preparation

The Company financial statements of Halfords Group plc are prepared on a going concern basis for the reasons set out in the Directors' Report on page 68, and under the historical cost convention.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100). The Company financial statements have been prepared in accordance with FRS 101 "Reduced Disclosure Framework" and has ceased to apply all UK Accounting Standards issued prior to FRS 100. Therefore, the recognition and measurement requirements of the international accounting standards have been applied, with amendments, where necessary, in order to comply with Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the Group financial statements.

As permitted by Section 408 of the Companies Act 2006, no profit or loss account is presented for this company. Additionally, no cash flow statement is presented as permitted by FRS 101.8 (h). The profit for the year is disclosed in Note 1 to the financial statements.

Employee Benefit Trusts ("EBTs") are consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included on the Company balance sheet and shares held by the EBT in the Company are presented as a deduction from equity.

Share based payments

The Company operates a number of equity-settled, share-based compensation plans that are awarded to employees of the Company's subsidiary undertakings.

In accordance with FRS 101 "Group and treasury share transactions", the fair value of the employee services received under such schemes is recognised as an expense in the subsidiary undertaking's financial statements, which benefit from the employee services. The Company has recognised the fair value of the share based payments as an increase to equity with a corresponding adjustment to investments.

Fair values are determined using appropriate option pricing models. The total fair value recognised is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount, ultimately, recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

At each balance sheet date, the Company revises its estimates of the number of share incentives that are expected to vest. The impact of the revision of original estimates, if any, is recognised as an adjustment to equity, with a corresponding adjustment to investments over the remaining vesting period.

Investments

Investments in subsidiary undertakings are stated at the original cost of the investments. Provisions are made against cost where, in the opinion of the Directors, the value of the investments has been impaired.

The investments have been tested for impairment using the present value of the expected future cash flows and the carrying value of the investments.

Dividends

Final dividends are recognised in the Company's financial statements in the period in which the dividends are approved by shareholders. Interim equity dividends are recognised in the period they are paid.

Cash pooling

Cash and cash equivalents on the Company Balance Sheet comprise cash at bank and in hand and short-term deposits with original maturities of less than 90 days, which are subject to an insignificant risk of changes in value.

The Company utilises Cash Pooling arrangements to effectively manage liquidity and maximise interest returns. Where the arrangement comprises a pooling structure reflecting separate account balances across subsidiaries, the balances are shown gross reflecting related intercompany receivables or payables by subsidiaries, with these intercompany balances eliminated for the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Profit and Loss Account

The Company made a profit before dividends paid for the 52 week period to 28 March 2025 of £220.5m (52 week period to 29 March 2024: £32.5m loss).

The profit for the 52 week period to 28 March 2025 was driven by £208.0m of dividend income from its direct subsidiary, and a credit from the release of a £35.0m expected credit loss provision (see note 5), partially offset by an investment impairment expense of £27.3m (see note 4). The dividend income was settled via a reduction in the creditor balance the company owed to that subsidiary.

The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

2. Fees payable to the Auditors

Fees payable by the Group to BDO LLP and their associates during the current and prior period are detailed in note 3 to the Group financial statements.

3. Staff costs

The Company has no employees other than the Directors. Full details of the Directors remuneration and interests, including those details required by Schedule 5, are set out in the Remuneration Report on pages 106 to 122 which forms part of the audited information.

4. Investments

	£m
Shares in Group undertaking	
Cost	
As at 29 March 2024	**817.6**
Additions – share based payments	3.9
Cost at 28 March 2025	**821.5**
Impairment expense for the period	**(27.3)**
Total at 28 March 2025	**794.2**

The investments represent shares in the following subsidiary undertakings as at 28 March 2025 and the fair value of share based compensation plans that are awarded to employees of the Company's subsidiary undertakings.

The Company's investments are subject to an impairment review when there are indicators of impairment. In the current period the Company has identified indicators of impairment, namely continued pressure on consumer spending and increases in Group costs directly and indirectly, as a result of the Governments 2024 Autumn statement. As a consequence an impairment assessment has been performed.

The impairment assessment showed that the value-in-use of the Company's investments was below their carrying value. This was driven by the impact on discount rates of an increase in UK gilt yields over the last 12 months as applied to revised forecasts which incorporate changes to National Insurance and minimum wage rates through the forecast period, resulting in an impairment expense for the period of £27.3m (52 week period to 29 March 2024: £nil).

The related undertakings of the Company at 28 March 2025 are as follows:

	Incorporated in	Ordinary shares percentage owned %	Principal activities
Halfords Group Holdings Limited	Great Britain*	100	Intermediate holding company

* Registered in England and Wales. Registered office: Icknield St Dr, Washford Ln, Redditch B98 0DE

NOTES TO THE FINANCIAL STATEMENTS

4. Investments continued

Subsidiary undertaking	Principal activity	% Ownership of ordinary equity shares
Subsidiaries registered in England & Wales, with a registered address of: Icknield Street Drive, Redditch, Worcestershire B98 0DE		
Halfords Limited*	Retailing of auto parts, accessories, cycles and cycle accessories	100
Halfords Autocentres Limited*	Car servicing	100
NW Autocentres Limited*	Dormant	100
Halfords Autocentres Developments Limited*	Dormant	100
Stop N' Steer Limited*	Dormant	100
Halfords Vehicle Management Limited*	Dormant	100
The Universal Tyre Company (Deptford) Limited*	Car servicing	100
Boardman Bikes Limited*	Non-trading	100
Boardman International Limited*	Non-trading	100
Halfords IP Management Limited*	Dormant	100
Performance Cycling Holdings Limited*	Intermediate holding company	100
Performance Cycling Limited*	Retailing of cycles and cycle accessories	100
Wheelies Direct Limited*	Dormant	100
Tredz Limited*	Non-trading	100
Giant (Wales) Limited*	Non-trading	100
National Tyre and Autofit Limited	Dormant	100
Tyre and Autofit Limited	Dormant	100
National Tyre Service Limited*	Car servicing	100
The Marsham Tyre Company Limited*	Dormant	100
W. Briggs & Co Limited*	Dormant	100
Avayler Holdings Limited*	Intermediate holding company	100
Avayler Trading Limited*	Software as a Service Provider	95
LTC Trading Holdings Limited*	Intermediate holding company	100
Lodge Tyre Company Limited*	Car servicing	100
Fit4Fleet Holdings Limited*	Intermediate holding company	100
Fit4Fleet Limited*	Car servicing	100
Capital Tyres (Northallerton) Limited*	Non-trading	100
Axle Group Limited*	Intermediate holding company	100
Subsidiary registered in Scotland, with a registered address of: C/O Harper Macleod Llp,The Ca'D'Oro, 45 Gordon Street, Glasgow, Scotland, G1 3PE		
McConechy's Tyres Services Holdings Limited*	Intermediate holding company	100
McConechy's Tyres Services Limited*	Car servicing	100
Strathclyde Tyre Services Limited*	Dormant	100
Axle Group Holdings Limited*	Intermediate holding company	100
Viking International Limited*	Dormant	100
Stepgrades Motor Accessories Limited*	Car servicing	100
Birkenshaw Tyre Company Limited*	Dormant	100
Constant Price Monitor Limited*	Car servicing	100
ULM Services Limited*	Car servicing	100
Acorn (Paisley) Limited*	Dormant	100
Subsidiary registered in the Republic of Ireland, with a registered address of: C/O Ogier Leman Llp, Ground Floor, Investment House, 8_34 Percy Place, Dublin, Dublin 4, D04 P5k3, Ireland		
Halfords (Ireland) Limited*	Dormant	100
Subsidiary registered in Delaware US A, with a registered address of: c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808		
Halfords Software Services Division LLC	Software as a Service Provider	100
Other equity investment, registered in Northern Ireland, with a registered address of: 22 Derryall Road, Portadown, Craigavon, Northern Ireland BT62 1PL		
Hamilton Internet Services Limited*	E-Commerce	0.06

* Shares held indirectly through subsidiary undertakings

The only subsidiaries to trade during the year were Halfords Limited, Halfords Autocentres Limited, Performance Cycling Limited, McConnechy's Tyre Services Limited, The Universal Tyre Company (Deptford) Limited, National Tyre Service Limited, Stepgrade Motor Accessories Limited, Avayler Trading Limited, Halfords Software Services Division LLC, Constant Price Monitor Limited, Lodge Tyre Company Limited, and ULM Services Limited.

5. Debtors

	2025 £m	2024 – restated* £m
Falling due within one year:		
Other debtors	**0.6**	–
Amounts owed by Group undertakings	**8.3**	22.2
Falling due after more than one year:		
Amounts owed by Group undertakings	**–**	55.7
	8.9	77.9

* Refer to note 16 for further details

As at 29 March 2024, amounts owed by Group undertakings included an IFRS 9 expected credit loss provision of £35.0m, which was reversed during the current period on satisfaction of the receivable.

6. Cash at bank and in hand

	2025 £m	2024 – restated* £m
Falling due within one year:		
Cash at bank and in hand	**3.8**	0.8
	3.8	0.8

* Refer to note 16 for further details

7. Creditors

	2025 £m	2024 – restated* £m
Falling due within one year:		
Amounts owed to Group undertakings	**141.5**	423.6
Accruals and deferred income	**0.2**	0.3
	141.7	423.9
Falling due after more than one year:		
RCF Drawdown (Note 8)	**8.8**	19.6
	8.8	19.6

* Refer to note 16 for further details

Amounts owed to Group undertakings are repayable on demand and have, therefore, been classified as due within one year, although it is not expected that all of this amount will be repaid within 12 months of the balance sheet date.

8. Borrowings

	2025 £m	2024 £m
Drawdown on RCF	**8.8**	19.6
	8.8	19.6

The above borrowings are stated net of unamortised issue costs of £1.2m (2024: £0.4m)

Details of the Company's borrowing facilities are disclosed in note 17 of the Group's financial statements.

9. Equity share capital

Ordinary shares of 1p each:	**2025 Number of shares**	**2025 £000**	2024 Number of shares	2024 £000
Allotted, called up and fully paid	**218,928,736**	**2,189**	218,928,736	2,189

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In total the Company received proceeds of £0.6m (2024: £4.2m) from the exercise of share options. During the period the Company purchased £3.6m (2024: £10.2m) of its own shares.

Potential Issue of Ordinary shares

The Company has a number of employee share option schemes. Further information regarding these schemes can be found in note 23 of the Group's financial statements.

Investment in own shares

At 28 March 2025 the Company held in Trust 1,051,024 (2024: 502,138) of its own shares with a nominal value of £10,510 (2024: £5,021). The Trust has waived any entitlement to the receipt of dividends in respect of its holding of the Company's ordinary shares. The market value of these shares at 28 March 2025 was £1.4m (2024: £0.8m). In the current period 2,471,528 (2024: 5,176,875) were repurchased and transferred into the Trust, with 1,922,642 (2024: 5,647,949) reissued on exercise of share options.

10. Share-based payments

The share based payment charge for the period was £3.9m (2024: £3.8m) bringing the total investment in share based payments at 28 March 2025 to £46.4m (2024: £43.5m).

11. Profits available for distribution

Distributable reserves in the company balance sheet total £397.0m at 28 March 2025.

Distributable reserves	**£m**
As at 29 March 2024	**196.7**
Profit for the period	220.5
Share options exercised	(2.8)
Dividends paid	(17.4)
At 28 March 2025	**397.0**

12. Reserves

The Company settled dividends of £17.4m (2024: £21.7m) in the period, as detailed in note 8 to the Group's financial statements.

13. Related Party Disclosures

Under FRS 101 "Related party disclosures", the Company is exempt from disclosing related party transactions with entities which it wholly owns.

There have been no other related party transactions in the period.

14. Contingent liabilities

The Company's banking arrangements include the facility for the bank to provide a number of guarantees in respect of liabilities owed by the Group during the course of its trading. In the event of any amount being immediately payable under the guarantee, the bank has the right to recover the sum, in full, from the Group. The total amount of guarantees in place at 28 March 2025 amounted to £nil (2024: £nil).

15. Off balance sheet arrangements

The Company has no off balance sheet arrangements to disclose as required by S410A of the Companies Act 2006.

16. Prior period adjustment

Cash pooling arrangements

During the current period, an error was identified regarding the classification of cash pooling arrangements between Halfords Group plc and certain of its subsidiaries.

The nature of this banking arrangement is that all memorandum accounts in the name of subsidiaries are presented as part of a single cash balance, net of any negative memorandum accounts within this arrangement, held by Halfords Group plc with the bank. Subsidiary memorandum accounts then represent intercompany balances between Halfords Group plc and those entities.

To correct for the error to the Company Balance Sheet as at 29 March 2024, Cash has been reduced by £0.4m, with a corresponding increase in amounts owed to Group undertakings of £21.8m and amounts owed by Group undertakings of £22.2m.

There was no impact to the net assets of Halfords Group plc or the Consolidated Statement of Financial position.

The total impact of the above prior period adjustment on the results for the 52 weeks to 29 March 2024 is as follows:

Company Balance Sheet	52 weeks to 29 March 2024 Originally reported £m	Adjustment £m	52 weeks to 29 March 2024 Restated £m
Debtors falling due within one year	–	22.2	22.2
Cash	1.2	(0.4)	0.8
Creditors: amounts falling due within one year	(402.1)	(21.8)	(423.9)
Net assets	452.8	–	452.8

SHAREHOLDER INFORMATION

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FIVE YEAR RECORD

	52 weeks to 2 April 2021 (audited) £m	52 weeks to 1 April 2022 (audited) £m	52 weeks to 31 March 2023 (audited) £m	52 weeks to 29 March 2024 (audited) £m	**52 weeks to 28 March 2025 (audited) £m**
Revenue	1,292.3	1,382.4	1,574.4	1,696.5	**1,715.2**
Cost of sales	(636.0)	(660.7)	(802.9)	(873.9)	**(846.1)**
Gross profit	656.3	721.7	771.5	822.6	**869.1**
Operating expenses	(541.8)	(620.6)	(712.6)	(766.4)	**(820.3)**
Other income	–	–	–	–	**0.7**
Operating profit before non-underlying items	114.5	101.1	58.9	56.2	**49.5**
Non-underlying operating expenses	(35.0)	6.8	(7.8)	(4.3)	**(68.4)**
Operating profit / (loss)	79.5	107.9	51.1	51.9	**(18.9)**
Net finance costs	(15.0)	(11.3)	(12.1)	(13.1)	**(11.1)**
Underlying Profit Before Tax	99.5	89.8	46.8	43.1	**38.4**
Non-recurring operating expenses	(35.0)	6.8	(7.8)	(4.3)	**(68.4)**
Non-recurring finance costs	–	–	–	–	**–**
Profit / (loss) before tax	64.5	96.6	39.0	38.8	**(30.0)**
Taxation	(17.4)	(17.2)	(9.2)	(10.3)	**(8.4)**
Taxation on non-underlying items	6.1	(1.7)	1.1	0.5	**4.6**
Profit / (loss) from continuing operations	53.2	77.7	30.9	29.0	**(33.8)**
Loss after tax from discontinued operations	–	–	(2.8)	(12.1)	**–**
Profit / (loss) attributable to equity shareholders	53.2	77.7	28.1	16.9	**(33.8)**
Basic earnings per share	27.1p	37.9p	12.9p	7.8p	**(15.4)p**
Basic earnings per share before non-underlying items	41.7p	35.5p	16.1p	12.7p	**13.8p**
Weighted average number of shares	197.1m	204.7m	217.4m	217.4m	**217.9m**

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

In the reporting of financial information, the Directors have adopted various Alternative Performance Measures ("APMs"), previously termed as 'Non-GAAP measures'. APMs should be considered in addition to IFRS measurements, of which some are shown on page 142. The Directors believe that these APMs assist in providing useful information on the underlying performance of the Group, enhance the comparability of information between reporting periods, and are used internally by management to measure the Group's performance.

The key APMs that the Group focuses on are as follows:

1. Like-for-like ("LFL") sales represent revenues from stores, centres and websites that have been trading for at least one financial reporting period (but excluding prior year sales of stores and centres closed during the period) at constant foreign exchange rates.
2. Underlying EBIT are results from operating activities before non-underlying items. Underlying EBITDA further removes depreciation and amortisation.

	Total operations		Continuing operations	
	FY25 £m	FY24 £m	**FY25 £m**	FY24 £m
Underlying EBIT	**49.5**	49.2	**49.5**	56.2
Depreciation & amortisation	**131.1**	128.6	**131.1**	127.2
Underlying EBITDA	**180.6**	177.8	**180.6**	183.4

3. Underlying Profit Before Tax is Profit before income tax and non-underlying items from continuing and discontinued operations as shown in the Group Consolidated Income Statement.

	FY25 £m	FY24 £m
Underlying profit before tax from continuing operations	**38.4**	43.1
Underlying loss before tax from discontinued operations	**–**	(7.0)
Underlying profit before tax	**38.4**	36.1

4. Underlying Earnings Per Share is Profit after income tax before non-underlying items as shown in the Group Consolidated Income Statement, divided by the number of shares in issue.
5. Net Debt is current and non-current borrowings, including lease debt, less cash and cash equivalents, both in-hand and at bank, as shown in the Consolidated Statement of Financial Position.

	FY25 £m	FY24 £m
Cash & cash equivalents	**19.1**	13.3
Borrowings – current	**(78.8)**	(80.9)
Borrowings – non-current	**(201.6)**	(247.7)
Net debt	**(261.3)**	(315.3)

6. Net Debt to Underlying EBITDA ratio is represented by the ratio of Net Debt to Underlying EBITDA (both of which are defined above).
7. Free Cash Flow is defined as net cash from operating activities less capital expenditure, net finance costs, supplier financing payments and lease payments; as reconciled below:

	FY25 £m	FY24 £m
Net cash from operating activities – continuing operations	**194.7**	177.9
Less:		
Impairment of property, plant and equipment and right of use asset	**–**	(2.8)
Capital expenditure	**(53.2)**	(45.6)
Net finance costs	**(0.9)**	(3.2)
Supplier financing payments	**(1.1)**	(4.1)
Lease payments	**(96.5)**	(92.8)
Free Cash Flow	**43.0**	29.4

COMPANY INFORMATION

Financial Calendar

Friday 08 August 2025	Final Dividend Record Date
Wednesday 03 September 2025	Annual General Meeting
Friday 12 September 2025	Final Dividend Payment Date

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